MILITARY CONSTRUCTION APPROPRIATIONS FOR 1986

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
NINETY-NINTH CONGRESS
FIRST SESSION

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MILITARY CONSTRUCTION APPROPRIATIONS FOR 1986

WEDNESDAY, MAY 1, 1985.

1985 MILITARY CONSTRUCTION REPROGRAMMINGS

WITNESSES

NAVY

COMMODORE FREDERICK G. KELLEY, CEC, USN, VICE COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND, DEPARTMENT OF THE NAVY

COLONEL ROBERT FALKENBACH, FACILITIES BRANCH HEAD, FACILITIES AND SERVICES DIVISION, INSTALLATIONS AND LOGISTICS DEPARTMENT, HEADQUARTERS, U.S. MARINE CORPS

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DODDS

TERENCE TREPAL, CHIEF, LOGISTICS DIVISION, DEPARTMENT OF DEFENSE DEPENDENT SCHOOLS

STATEMENT OF THE CHAIRMAN

Mr. HEFNER. The committee this morning will hear testimony on a reprogramming request involving the Navy, the Air Force and DOD dependent schools. The total reprogramming request is for $46.5 million. However, the committee has already approved $20 million of the $22.25 million requested for Tinker Air Force Base in Oklahoma. This hearing will focus on the balance of the items which are before the members.

Today we have Commodore Frederick G. Kelley of the Navy, Major General Clifton D. Wright of the Air Force, and Terence Trepal of DOD dependent schools.

Gentlemen, thank you for coming. If you would like to make an opening statement, we will begin with Commodore Kelley.

STATEMENT OF COMMODORE FREDERICK G. KELLEY, CEC, USN

Commodore **KELLEY**. Yes, sir. I have a brief opening statement. I am here, Mr. Chairman, on behalf of Admiral Jones, who could not make it today because he had emergency dental surgery yesterday.

The Navy is requesting approval for seven reprogrammings today for a total amount of $5.3 million. Six of them are FY 85 projects for which we have opened bids but have not yet awarded construction contracts. All of those bids are expiring in the next few days and weeks. They represent classic examples of our difficulty in predicting construction market conditions, which dictate construction bids, 12 to 18 months in advance of bid openings and still remaining within the established 25 percent reprogramming criterion in all cases.

The remaining one is an FY 1984 project which modernizes an existing hangar for support of F/A-18's. The cost could not be precisely estimated during design because it is not feasible to tear apart a building while it is in service to verify the location and condition of existing building systems. I want to assure you that the scopes of these projects remain to be those which this committee approved as part of the FY 84 and FY 85 budgets.

I would like to add one last point. As we testified in the 1985 hearings, Navy reduced its FY 85 budget estimates to the absolute minimum required to construct its facilities. We did so recognizing that it increased the risk of reprogramming, but it provides us the benefit of obtaining the maximum amount of urgently required facilities within budget limitations.

Mr. Chairman, that concludes my statement. If you would like, my staff is prepared to provide a brief summary on each project which will take about 20 minutes. It includes the spread of bids received and the reasons for the reprogramming.

Thank you, Mr. Chairman. Commander Bill Scarborough will provide the briefing.

TACTICAL VAN PAD, CHERRY POINT, NORTH CAROLINA

Commander **SCARBOROUGH**. We have seven projects here this morning. The first is a tactical van pad at Cherry Point. We had six bids. The spread was 15 percent. We are requesting reprogramming because the current working estimate is above the NAVFAC escalation authority. The reasons for the increased cost include the requirement to maintain services to nearby buildings, and a circuitous cable routing. The pavement thickness increased from five inches to six inches because the weight of the vans increased. Receptacle connections are required for compatibility with the vans; the original criteria was to splice these cables together.

The AV-8B's are currently on board and there are more coming on to replace AV-8A's at Cherry Point. The vans are continually arriving. Vans are now being stored on the parking apron where the planes need to park.

[The summary slide and the request for Cherry Point Project follow:]

FY 1985 P-865
MCAS CHERRY POINT, NC
TACTICAL SUPPORT VAN PADS
PROGRAM AMOUNT $1,490,000

GOVERNMENT ESTIMATE →	$1,900,000
1. R.N. ROUSE CO GOLDSBORO, NC	$2,037,000
2. MARTIN ELEC SERVICE OF NC GREENSBORO, NC	$2,037,425
3. J. E. COX CONSTR CHARLOTTE, NC	$2,077,673
HIGH BID (6)	$2,339,000

LOW BID	$2,037,000
SIOH, CONTINGENCY, POST AWARD, OTHER OBLIGATIONAL REQUIREMENTS	$ 353,000
CWE	$2,390,000

- PROJECT IN DIRECT SUPPORT OF AV-8B
- COMPLEX CONSTRUCTION SCHEDULE REQUIRED TO MAINTAIN SERVICE TO NEARBY OPERATIONAL BUILDINGS; BECAUSE OF LARGE NUMBER OF EXISTING UNDERGROUND UTILITIES REQUIRES CIRCUITOUS CABLE ROUTING.
- PAVEMENT THICKNESS INCREASED FROM 5" TO 6". VAN WEIGHT INCREASED FROM ORIGINAL CRITERIA.
- PLUG/RECEPTACLE CONNECTORS REQUIRED FOR COMPATIBILITY WITH VANS. ORIGINAL CRITERIA WAS FOR SPLICING.

BID EXPIRATION DATE:
8 April 1985

MILITARY CONSTRUCTION, NAVY REPROGRAMING REQUEST

INSTALLATION:

Marine Corps Air Station, Cherry Point, North Carolina

PROJECT:

Tactical Support Van Pads, P-865

AUTHORIZATION:

Section 201, Public Law 98-407

ESTIMATED COST:

Previously Appropriated	$	1,490,000
Previously Reprogramed	$	0
Requested Reprograming	$	900,000
Total Estimated Cost	$	2,390,000

DESCRIPTION:

The project provides concrete pads, tie-downs, and service hook-ups for the support of the AV-8B aircraft.

JUSTIFICATION:

A total of six bids were opened on 8 January 1985. The low bid resulted in a project Current Working Estimate (CWE) of $2,390,000. This is 60% in excess of the appropriated amount.

The cost increase is due to several factors. During construction continuous electrical power to nearby facilities is required. Due to the extensive underground utilities at the construction site and the need to maintain operational continuity, circuitous routing and complex scheduling are required. In addition, pavement thickness criteria were recently changed to meet new operational requirements. Also, it was necessary to provide more durable support buildings for improved life-cycle costs, and provide quick-release connectors for van hook-ups rather than bolt-on connectors in order to enhance the rapid deployment characteristics of the vans.

The bids were well grouped and are considered competitive.

The plans and specifications have been reviewed, and it has been determined that no benefit would accrue to the government from rejecting bids and redesigning for subsequent advertisement. Aircraft and technical support van deliveries continue. Van pads are required soonest to support the AV-8B program.

The cost increase is required for the sole purpose of meeting an unusual variation in cost as described above, which could not have been reasonably anticipated at the time the project was originally approved by Congress.

SOURCE OF FUNDS

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
MCAS Kaneohe Bay HI/ Airfield Pavement Improvements P-459	1984	5110	3825	900

1 COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2 DATE

3 INSTALLATION AND LOCATION MARINE CORPS AIR STATION, CHERRY POINT, NORTH CAROLINA	4 PROJECT TITLE TACTICAL SUPPORT VAN PADS

5 PROGRAM ELEMENT 2 64 96 M	6 CATEGORY CODE 116.65	7 PROJECT NUMBER P-865	8 PROJECT COST ($000) 1,490

9 COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
TACTICAL SUPPORT VAN PADS.	SY	13,950	-	1,110
VAN PADS	SY	13,950	23.00	(320)
VAN HOOK-UP POINTS	LS	-	-	(640)
CONTROL BUILDINGS.	LS	-	-	(150)
SUPPORTING FACILITIES.	-	-	-	250
UTILITIES.	LS	-	-	(180)
PAVING AND SITE IMPROVEMENT, DEMOLITION. .	LS	-	-	(70)
SUBTOTAL	-		-	1,360
CONTINGENCY (5%)	-			70
TOTAL CONTRACT COST.	-			1,430
SUPERVISION, INSPECTION & OVERHEAD (5.5%). .				80
TOTAL REQUEST.				1,510
BUDGET ADJUSTMENT-REVISED INFLATION INDICES.				1,492
TOTAL REQUEST (ROUNDED).	-	-	-	1,490
EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS	-	-	(NON-ADD)	(0)

AS ENACTED
AUTH - APPRO
PL 98-407 PL 98-473
8-28-84 - 10-12-84

10 DESCRIPTION OF PROPOSED CONSTRUCTION

Concrete pavement, tie-downs, service hook-ups; two one-story masonry buildings; 400HZ electric power, security lighting, fire protection system, air conditioning, utilities; demolition of one building.

11. REQUIREMENT: 13,950 SY. ADEQUATE: VARIES. SUBSTANDARD: VARIES.

PROJECT: Provides van pads and utilities to support mobile facilities for the 2nd Marine Aircraft Wing.

REQUIREMENT: Adequate facilities for mobile avionics maintenance vans to provide a centralized avionics facility for intermediate level maintenance to aircraft. Avionics includes maintenance, repair and calibration of aircraft instruments and weapons control and countermeasure systems. This project is based on the latest facility definitive design and will incorporate the avionics van concepts that presently exist in the Marine Corps.

CURRENT SITUATION: Avionics shops and vans are widely scattered. The shops were designed and constructed more than fifteen years ago when the state-of-the-art was less sophisticated. Effectiveness has greatly decreased because of additional needed work stations creating extremely crowded quarters. Existing vans have no supporting utilities with exception of electric power.

IMPACT IF NOT PROVIDED: New vans will be haphazardly located because of lack of space, and will have inadequate supporting utilities. Continued utilization of old shops and scattered vans will reduce efficiency, morale, and ability to meet mission requirements.

(Continued on DD 1391c)

1. COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2. DATE

3. INSTALLATION AND LOCATION
MARINE CORPS AIR STATION, CHERRY POINT, NORTH CAROLINA

4. PROJECT TITLE
TACTICAL SUPPORT VAN PADS

5. PROJECT NUMBER
P-865

12. SUPPLEMENTAL DATA:

a. Estimated design data:

(1) Status:

(a)	Date Design Started..............................	5-81
(b)	Percent Complete as of January 1984...........	35
(c)	Percent Complete as of October 1984...........	100
(d)	Date Design Complete.............................	7-84

(2) Basis:

(a)	Standard or Definitive Design:	Yes ___ No X
(b)	Where Design Was Most Recently Used:	N/A

(3) Total cost (c) = (a) + (b) or (d) + (e):

		($000)
(a)	Production of Plans and Specifications.........	(0)
(b)	All Other Design Costs............................	(75)
(c)	Total...	75
(d)	Contract..	(0)
(e)	In-house..	(75)

(4) Construction start.......................... 11-84
(month and year)

b. Equipment associated with this project which will be provided from other appropriations: None.

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
8-28-84 10-12-84

Mr. **Edwards**. Why was the pavement thickness increased? Why didn't you know originally about this?

Commodore **Kelley**. After we came to Congress for these, the Naval Air Systems Command, which sets out the criteria for this, changed the requirements and we are complying with their changes.

Mr. **Edwards**. We want to know why did they change it? Why did you not know in the first place?

Commodore **Kelley**. They changed it due to experience on previous jobs.

AIRFRAME SHOP, PACIFIC MISSILE TEST CENTER, PT. MUGU, CALIFORNIA

Commander **Scarborough**. The next FY 85 project is an airframe shop in Point Mugu. There were five bids. The bid spread was 30 percent. The reason we didn't do well on this one was that we underestimated the construction cost. We expected 10 to 15 bids, we got five bids. The Los Angles to Santa Barbara corridor is becoming very active with construction right now. Contractors have plenty to do and we don't see as many bids on jobs in that area as we have in the past.

The reason this project should not be delayed is that it supports an existing program including Phoenix and Harpoon missile testing, including weapons aircraft platforms, such as F/A-18.

[The summary slide and the request for Point Mugu Project follow:]

FY 1985 P-856
PACIFIC MISSILE TEST CENTER, POINT MUGU, CA
AIRFRAMES SHOP
PROGRAM AMOUNT $1,680,000

GOVERNMENT ESTIMATE	$1,550,000
1. McGALL CONSTRUCTORS VENTURA, CA	$2,093,900
2. MERCO ENGRS INC CAMARILLO, CA	$2,297,500
3. CECIAL ARNARLD N. RIDGE, CA	$2,325,000
HIGH BID (5)	$2,713,000

LOW BID	$2,093,900
SIOH, CONTINGENCY, POST AWARD, OTHER OBLIGATIONAL REQUIREMENTS	$ 256,100
CWE	$2,350,000

- PROJECT IN DIRECT SUPPORT OF FUTURE TESTING PROGRAMS FOR PHOENIX AND HARPOON MISSILES WITH AIRCRAFT INCLUDING F/A-18.
- NAVY UNDERESTIMATED CONSTRUCTION COSTS. CONTINUED FAVORABLE BID CLIMATE WAS ASSUMED DURING COST PREPARATION.
- ONLY 5 BIDS RECEIVED. 10-15 EXPECTED. SANTA BARBARA TO LOS ANGELES AREA IS BOOMING NOW. CONTRACTORS HAVE PLENTY OF WORK.

BID EXPIRATION DATE:
7 APRIL 1985

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Pacific Missile Test Center, Point Mugu, CA

PROJECT:

Airframes Shop, P-856

AUTHORIZATION:

Section 201, Public Law 98-407

ESTIMATED COST:

Previously Appropriated	$ 1,680,000
Previously Reprogramed	$ 0
Requested Reprograming	$ 670,000
Total Estimated Cost	$ 2,350,000

DESCRIPTION:

The project provides a one story masonry building with a built-up roof supported by a metal roof structure, fire protection, environmental control system, compressed air system and utility work. It provides spaces for maintenance and testing of aircraft frames.

JUSTIFICATION:

Five bids were received for this project. The low bid results in a project Current Working Estimate (CWE) of $2,350,000. This is 39.9% in excess of the appropriated amount.

Analysis of the project costs conclude that the cost increase results from an under-estimation by the government of construction costs at the time the project was to be bid. During the period of budget preparation, construction costs were decreasing significantly from previous years. The Navy budgeted this project in anticipation of continued favorable pricing conditions. The government understated the construction costs in all divisions of work, with the greatest variance occurring in the architectural portion. This was confirmed during discussions with the low bidder.

The Navy has thoroughly reexamined the design to ensure that it provides the minimum facility necessary to meet the administrative and operational requirements. The type of facility is basically a maintenance shop and the design of this project provides a simple utilitarian facility. Redesigning and readvertisement, therefore, would accrue no benefit to the Government.

This cost increase is required for the sole purpose of meeting an unusual variation in cost, as described above, which could not have been reasonably anticipated at the time the project was originally approved by Congress.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
NRL Washington DC/Mission Operations Support Center (P-701)	1985	$19,420	$17,816	$670

1 COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2 DATE

3 INSTALLATION AND LOCATION PACIFIC MISSILE TEST CENTER, POINT MUGU, CALIFORNIA	4 PROJECT TITLE AIRFRAMES SHOP

5 PROGRAM ELEMENT	6 CATEGORY CODE	7 PROJECT NUMBER	8 PROJECT COST ($000)
6 53 51 N	211.36	P-856	1,680

9 COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
AIRFRAMES SHOP	SF	15,550	79.00	1,230
SUPPORTING FACILITIES	-	-	-	300
SPECIAL CONSTRUCTION FEATURES	LS	-	-	(140)
UTILITIES	LS	-	-	(70)
PAVING AND SITE IMPROVEMENT	LS	-	-	(90)
SUBTOTAL	-	-	-	1,530
CONTINGENCY (5%)	-	-	-	80
TOTAL CONTRACT COST	-	-	-	1,610
SUPERVISION, INSPECTION & OVERHEAD (5.5%)	-	-	-	90
TOTAL REQUEST	-	-	-	1,700
BUDGET ADJUSTMENT-REVISED INFLATION INDICES	-	-	-	1,679
TOTAL REQUEST (ROUNDED)	-	-	-	1,680
EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS	-	-	(NON-ADD)	(0)

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
8-28-84 10-12-84

10 DESCRIPTION OF PROPOSED CONSTRUCTION

One-story masonry building, concrete foundation and floor, built-up roof, clean room, X-ray room, shielding, compressed-air system, fire protection system, environmental control, utilities.

11. REQUIREMENT: 15,550 SF. ADEQUATE: VARIES. SUBSTANDARD: VARIES.

PROJECT: Provides a modern, adequately-sized airframes shop for intermediate maintenance support for aircraft assigned to the Pacific Missile Test Center.

REQUIREMENT: The Pacific Missile Test Center has 40 aircraft permanently assigned and provides support to an additional 75 to 80 tenant aircraft. The squadrons are a composite of a variety of aircraft types. The airframes shop is responsible for providing support to helicopters, fighter and attack jets, cargo planes, tracking range instrumentation aircraft and specialty aircraft such as the C-130's which make annual deployments to the Antarctic. Airframe maintenance includes repair and occasional remanufacture of fuselage and wing panels, repair of landing gear and tire replacement, welding of damaged structural members, and inspection of airframe components for cracks and corrosion. The airframes department needs adequate storage spaces for paints and hydraulic fluids, a sand blasting area, a "clean room" for metallurgic inspection, and adequate space for the welders and machinists.

(Continued on DD 1391c)

1. COMPONENT
NAVY

FY 19 85 MILITARY CONSTRUCTION PROJECT DATA

2. DATE

3. INSTALLATION AND LOCATION
PACIFIC MISSILE TEST CENTER, POINT MUGU, CALIFORNIA

4. PROJECT TITLE
AIRFRAMES SHOP

5. PROJECT NUMBER
P-856

11. REQUIREMENT: (Continued)

CURRENT SITUATION: Because of space limitations, present shops have been dispersed in several widely-separated buildings, with some functions being performed in the open. The existing shops do not provide special accommodations such as "clean room" capability for hydraulics work and ventilated spaces for painting and cleaning with solvents. Sand blasting beads are stored in Conex boxes and are ruined when leaks develop. The paint shop is small and lacks fume controls and ventilation, prohibiting the use of polyeurethane and epoxy paints. The metal shop is crowded with heavy machines, creating a hazardous work environment. There is no fire protection in the metal shops. The welding shop, an important element of airframes maintenance, is located some distance from the flight line causing delays in airframes repair. Non-destructive testing is performed in a hangar located a mile away. The X-ray room is too small to permit inspection of large wing panels.

IMPACT IF NOT PROVIDED: Continue to use inadequate and inefficient facilities. Because of delays or degradation in the quality of aircraft maintenance, adequate support cannot be provided assigned programs such as Pheonix and Harpoon. The airframes department will continue to operate in undersized and deteriorated dispersed facilities.

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
8-28-84 10-12-84

12. SUPPLEMENTAL DATA:

a. Estimated design data:

(1) Status:
- (a) Date Design Started.............................. 4-81
- (b) Percent Complete as of January 1984........... 45
- (c) Percent Complete as of October 1984........... 100
- (d) Date Design Complete.......................... 7-84

(2) Basis:
- (a) Standard or Definitive Design: Yes____ No X
- (b) Where Design Was Most Recently Used: N/A

(3) Total cost (c) = (a) + (b) or (d) + (e): ($000)
- (a) Production of Plans and Specifications........(125)
- (b) All Other Design Costs........................(105)
- (c) Total.. 230
- (d) Contract.......................................(220)
- (e) In-house ....(10)

(4) Construction start......................... 12-84
(month and year)

b. Equipment associated with this project which will be provided from other appropriations: None.

MISSILE MAINTENANCE EQUIPMENT SHOP, MCAS YUMA, ARIZONA

Commander SCARBOROUGH. The next project is a missile equipment maintenance shop at Yuma.

Here we only had three bids. Bids are tight, with a six percent spread. The basic reason for being over on this one is Navy underestimated the cost of construction.

Also, during design, it was realized that the existing water system was inadequate. The water system had to be redesigned to include storage tanks, pumps and a larger size distribution system.

This project provides direct support for the Hawk missile systems. The training requirement for these missile systems and electronic maintenance work has already started at Yuma and these facilities are urgently needed to accommodate this mission.

[The summary slide and the request for USMC Air Station at Yuma, Arizona, follow:

FY 1985 P-390
MCAS YUMA, AZ
MISSILE MAINTENANCE EQUIPMENT SHOP
PROGRAM AMOUNT $1,900,000

GOVERNMENT ESTIMATE →	$2,620,000
1. ROBERT McMULLAN & SON SAN DIEGO, CA	$2,967,000
2. DENNIS CONSTRUCTION YUMA, AZ	$2,987,789
3. N. J. RIEBE ENTERPRISE YUMA, AZ	$3,131,000
HIGH BID (3)	$3,131,000

LOW BID	$2,967,000
SIOH, CONTINGENCY, POST AWARD, OTHER OBLIGATIONAL REQUIREMENTS	$ 335,000
CWE	$3,302,000

- PROJECT IN DIRECT SUPPORT OF HAWK MISSILE.
- NAVY UNDERESTIMATED CONSTRUCTION COSTS.
- AFTER PROJECT SUBMITTED TO CONGRESS, WATER PROBLEM DETERMINED. REQUIRED REPLACEMENT OF FIRE PROTECTION AND POTABLE WATER SYSTEMS.

BID EXPIRATION DATE:
19 April 1985

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MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Marine Corps Air Station, Yuma, Arizona

PROJECT:

Missile Equipment Maintenance Shop, P-390

AUTHORIZATION:

Section 201, Public Law 98-407

ESTIMATED COST:

Previously Appropriated	$	1,900,000
Previously Reprogramed	$	0
Requested Reprograming	$	1,402,000
Total Estimated Cost	$	3,302,000

DESCRIPTION:

The project provides five Light Anti-Aircraft Missile Battalion Maintenance Buildings, one Marine Air Control Squadron Maintenance Building, modifications to four existing maintenance buildings, new electrical power converter and shed, and new fire protection water storage and distribution system.

JUSTIFICATION:

Bids were opened for this project on 19 December 1984, and the Current Working Estimate (CWE) based on the low bid is $3,302,000. This exceeds the appropriated amount by 73.8%. Three bids were received and they were extremely close. The second bid exceeds the low by 0.7%, the the high bid exceeds the low by only 5.5%.

The cost increase is due primarily to the necessity to provide a larger capacity fire protection water system and domestic water supply system. At the time the Architect-Engineer contract was awarded it was assumed that the existing water supply and distribution systems were adequate. Investigation of the existing water supply well and pump was delayed due to the activity not being able to shut down operations. Subsequent study revealed the existing water systems are totally inadequate to meet mission operational requirements and safety requirements, and it was necessary to design for replacement rather than reuse of several major system components.

Additionally, the cost increase is a result of underestimating the cost for the new buildings to be constructed under this project. Design had progressed to the 35% stage by 1 January 1984 and the cost estimate at that time was considered reasonable, based on comparisons with other maintenance facilities in the FY 1985 program. The water study completed in May 1984 required that the water system be replaced thus adding to the project cost.

The design for this project has been reviewed to make sure it provides only the minimum facilities necessary to meet operational and safety requirements. Redesign and readvertisement would not result in a lower cost.

This cost increase is required for the sole purpose of meeting unusual variations in cost, as described above, which could not have been reasonably anticipated at the time the project was submitted to the Congress.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
MCAS Kaneohe Bay, HI/ Water System Distribution Improvements (P-043)	1985	6,490	4,791	1,402

1. COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2. DATE

3. INSTALLATION AND LOCATION MARINE CORPS AIR STATION, YUMA, ARIZONA	4. PROJECT TITLE MISSILE EQUIPMENT MAINTENANCE SHOP

5. PROGRAM ELEMENT 2 64 96 M	6. CATEGORY CODE 212.20	7. PROJECT NUMBER P-390	8. PROJECT COST ($000) 1,900

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
MISSILE EQUIPMENT MAINTENANCE SHOP	SF	20,580	-	1,540
BUILDINGS-NEW.	SF	20,580	72.00	(1,490)
BUILDINGS-MODIFICATIONS.	LS	-	-	(50)
SUPPORTING FACILITIES.	-	-	-	190
UTILITIES.	LS	-	-	(90)
PAVING AND SITE IMPROVEMENT.	LS	-	-	(100)
SUBTOTAL	-	-	-	1,730
CONTINGENCY (5%)	-	-	-	90
TOTAL CONTRACT COST.	-	-	-	1,820
SUPERVISION, INSPECTION & OVERHEAD (5.5%). .	-	-	-	100
TOTAL REQUEST.	-	-	-	1,900
BUDGET ADJUSTMENT-REVISED INFLATION INDICES.	-	-	-	1,897
TOTAL REQUEST (ROUNDED).	-	-	-	1,900
EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS	-	-	(NON-ADD)	(0)

10. DESCRIPTION OF PROPOSED CONSTRUCTION

Five one-story reinforced concrete and masonry buildings, built-up roof on metal deck, fire protection system, air conditioning, utilities; electric power converter shed; buildings alterations and modifications.

11. REQUIREMENT: 20,580 SF. ADEQUATE: VARIES. SUBSTANDARD: VARIES.

PROJECT: Constructs five maintenance buildings; provides alterations and modifications to existing maintenance buildings.

REQUIREMENT: Adequate additional space to accommodate an increase in units for maintenance of missile support equipment for four missile firing batteries, and for the maintenance of radar and electronic equipment at the station's desert training site.

CURRENT SITUATION: The existing maintenance facilities provide only part of the total space requirement.

IMPACT IF NOT PROVIDED: Effectiveness and readiness of the equipment will be greatly reduced and morale will be degraded. The station will not be capable of supporting its mission.

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
8-28-84 10-12-84

12. SUPPLEMENTAL DATA:

a. Estimated design data:
(1) Status:
(a) Date Design Started........................... 8-83
(b) Percent Complete as of January 1984........... 35

(Continued on DD 1391c)

1. COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
3. INSTALLATION AND LOCATION MARINE CORPS AIR STATION, YUMA, ARIZONA		
4. PROJECT TITLE MISSILE EQUIPMENT MAINTENANCE SHOP		5. PROJECT NUMBER P-390

12. SUPPLEMENTAL DATA: (Continued)

(c) Percent Complete as of October 1984........... 100
(d) Date Design Complete.......................... 7-84

(2) Basis:
(a) Standard or Definitive Design: Yes____ No X
(b) Where Design Was Most Recently Used: N/A

(3) Total cost (c) = (a) + (b) or (d) + (e): ($000)
(a) Production of Plans and Specifications........(120)
(b) All Other Design Costs........................(60)
(c) Total.. 180
(d) Contract.....................................(175)
(e) In-house.....................................(5)

(4) Construction start........................ 11-84
(month and year)

b. Equipment associated with this project which will be provided from other appropriations: None.

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
8-28-84 10-12-84

DD FORM 1 DEC 76 1391c PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED

S/N 0102-LF-001-3915

Mr. **Hefner**. That is two for two that the Navy has missed on their estimates. How many more do we have?

Commander **Scarborough**. We will go through the entire list for you, sir. On this particular one we only had three bids.

Mr. **Hefner**. I know. That doesn't have anything to do with the Navy estimate, does it?

Commander **Scarborough**. No, sir.

Commodore **Kelley**. We have trouble on some jobs, Mr. Hefner. Fortunately, there are not too many where we do not call the estimate properly. We are under on some, and we are showing you the ones here that we basically underestimated or did not take some other things into consideration.

Mr. **Hefner**. It seems that your water problems that should not have been a real tough thing to determine. Fire protection and water systems.

Commodore **Kelley**. We get our water from the well and we couldn't shut down the operation for our A&E to test the well to determine whether we could get the amount of water out of it that we needed. Once we could take it down, we determined that we could not get the required amount of water, so we have to put a tank in to accumulate the water that we need for fire protection.

Mr. **Hefner**. Mr. Coleman.

INFLATION COST ESTIMATION AND SAVINGS

Mr. **Coleman**. I am trying to figure the percentage of the underestimate. That doesn't look real high to me in terms of the government estimate. What percentage would that be off, nine percent, fifteen? I just think we ought to point out for purpose of the record, that this inflation thing that we are seeing that everybody is so glad it is not in double digits is at the point at which Richard Nixon imposed wage and price controls. I think that is still something to be of great concern.

I am sure that the Navy is looking at those kinds of issues as well. We are going to continue to see inflation as an issue for your estimate. I would hope that the Navy is not in a position where they are going to be coming in higher in terms of their estimates based on inflation costs, because they are very high. We recognize that they are low compared to what we had previously, but they are still very, very high.

Commodore **Kelley**. Our estimates right now have increased quite a bit over last year. So we are seeing costs creep up in the construction industry.

Mr. **Edwards**. That is an interesting number that is up there. The government estimate which I guess was based on the Navy's original estimates, was $1.9 million and so it is not a 15 percent increase, it is a 73.9 increase. Is that correct?

Commodore **Kelley**. Yes.

Mr. **Edwards**. It is a 73.8 percent increase in the cost of the project. I think the statement with respect to the fact you only got three bids is indicative of what this economic climate is like. These businesses are out doing the same thing in other kinds of construction and does that mean we are not going to get the kind of bids we would like? I think it depends on the region of the country.

Mr. RUDD. I am not defending this at all, except to say that I am a native of the general area and I recognize the water problems that are really problems there, and this could be one of the reasons—I am not trying to put words in your mouth—why you only got three bids on something like that.

But if I may ask a question. You mentioned that some come high, some low, some in the middle and some right on target. What do you do with the ones that come in high, go back to the general fund or use that for the Navy pipeline?

Commodore KELLEY. Well, in general, we come out a little bit under the amount that you provide us every year, but the highs tend to balance out the lows.

Mr. RUDD. If they are high, what happens to the money that comes back?

Commodore KELLEY. We use that to take care of the projects that come in—I am sorry, I misunderstood the question. You say if they are high?

Mr. RUDD. You said sometimes you are over in your bid, sometimes under, and sometimes on target.

Commodore KELLEY. Yes, sir.

Mr. RUDD. Well, if you have funds left over does that automatically go back into the general fund, into the Treasury of the United States? That is what I am asking.

Commodore KELLEY. No, sir, it does not. The military construction funds are used to take care of those projects where——

Mr. RUDD. You forgot about?

Commodore KELLEY. Yes, sir, where the price comes in higher. We use it for those projects that sometimes are inserted by Congress for savings.

Mr. RUDD. I thank the gentleman for yielding.

Mr. EDWARDS. They originally estimated $1.9?

Commodore KELLEY. The architect engineer came in and said the estimate was over the $2 million range. From our bidding experience, we said we think you are too high and we reduced it down below the $2 million mark. We reduced it to about the level that—I guess it was the level that Congress authorized for us and appropriated and we are party to that. We should not have reduced the estimate. It turns out the A&E was more correct than we were.

Mr. COLEMAN. Thank you.

Commodore KELLEY. Commander.

MAINTENANCE HANGAR MODERNIZATION, BEAUFORT, SOUTH CAROLINA

Commander SCARBOROUGH. This next project is Beaufort, South Carolina, for a maintenance hangar modernization. This project is currently ongoing. We are about 90 percent complete. Bids were taken back in January of '84, four bids. Bid spread was seven percent. We are in change order conditions to finish this job as a complete, usable facility.

The first set of change orders was for unforeseen conditions. First, the A&E could not fully investigate the facilities because we had people in those hangars; they were operational. Utility locations were not known exactly until the concrete slab, ceiling and the wall partitions were removed by the construction contractor.

Also, we had change orders resulting from designer error or an omission. We had to increase the capacity of the existing monorail system that goes around the hangars and to provide an explosion proof electric lighting system. There was a lack of coordination between the structural, electrical, and mechanical designs.

Operationally we cannot stand a delay in this project at all. F/A-18 IOC initial operating capability at Beaufort is upcoming early this summer. There is potential for A&E liability on this project.

Mr. **Hefner**. There is?

Commander **Scarborough**. Yes, sir.

Mr. **Coleman**. What does that mean?

Mr. **Hefner**. Your low bid is under?

Commander **Scarborough**. Yes, sir.

Mr. **Hefner**. You are under like 100——

Commander **Scarborough**. This project is ongoing. This is the only one project being presented today that has been awarded. We are 90 percent complete. Our current CWE is $2.267 million. These change orders are bringing us above the 125 percent escalation amount.

Mr. **Hefner**. You have liability potential for what?

Commander **Scarborough**. We believe we have and we are pursuing A&E liability for these issues. The A&E should have picked out that the structural, electrical, and mechanical designs did not mesh.

Mr. **Edwards**. I am a little confused. I think the chairman is probably confused about the same thing, because the reprogramming request we received in writing says that a determination was made. A&E liability was not applicable since this work would have resulted in additional costs if——

Commander **Scarborough**. What is the date on that document?

Mr. **Edwards**. That is what we are working on to determine whether to approve it—March 21st.

Commodore **Kelley**. We are not satisfied with that answer and we are now pursuing A&E liability because Admiral Jones and I feel there is potential A&E liability. We do not accept that.

Mr. **Rudd**. Would you yield? Can you spell out what the liability would be?

Commodore **Kelley**. You mean the amount?

Mr. **Rudd**. Yes, and what?

Commodore **Kelley**. We don't know the amount yet. The A&E did not connect up the existing monorail system properly. He did not do the explosive proof electric lighting system. We have to go in and redo that. That is costing us some money. He has plumbing lines interfering with electric lines. That costs money for us to correct. We are going to go back to the A&E and ask him to donate his share.

Mr. **Hefner**. What are you over, about $800,000? Is that right?

Commodore **Kelley**. Yes, sir.

Mr. **Edwards**. It is $877,000.

[The summary slide and the request for Beaufort follows:]

FY 1984 P-321
MCAS BEAUFORT, SC
MAINTENANCE HANGAR MODERNIZATION
PROGRAM AMOUNT $1,390,000

GOVERNMENT ESTIMATE →	$999,600
1. USG CONSTR., INC BEAUFORT, SC	$1,136,310
2. L. B. SAMFORD, INC. MIAMI, FL	$1,138,985
3. TRUESDALE CONSTR SUMTER, SC	$1,171,884
HIGH BID (4)	$1,212,739

LOW BID	$1,136,310
SIOH, CONTINGENCY, POST AWARD, OTHER OBLIGATIONAL REQUIREMENTS	$1,130,690
CWE	$2,267,000

o PROJECT IS IN DIRECT SUPPORT OF F/A-18 INTRODUCTION AT BEAUFORT.

o CHANGE ORDERS FROM UNFORESEEN CONDITIONS.
- A/E FIELD INVESTIGATION HAMPERED AS BUILDING SPACE WAS UTILIZED
- EXACT UTILITY CONDITIONS AND LOCATIONS NOT KNOWN UNTIL SLAB, CEILING AND WALL PARTITIONS WERE REMOVED DURING CONSTRUCTION.

o CHANGE ORDERS FROM DESIGN ERRORS AND OMISSIONS
- INCREASE CAPACITY OF EXISTING MONORAIL SYSTEM
- PROVIDE EXPLOSION-PROOF ELECTRICAL LIGHTING SYSTEM
- LACK OF FULL COORDINATION AMONG STRUCTURAL, ELECTRICAL, AND MECHANICAL PORTIONS OF DESIGN

o POTENTIAL FOR LIABILITY

BID EXPIRATION DATE:
Not Applicable

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Marine Corps Air Station, Beaufort, South Carolina

PROJECT:

Maintenance Hangar Modernization, P-321

AUTHORIZATION:

Section 201, Public Law 98-115

ESTIMATED COST:

Previously Appropriated	$1,390,000
Previously Reprogramed	$ 0
Requested Reprograming	$ 877,000
Total Estimated Cost	$2,267,000

DESCRIPTION:

The project provides alterations to the shop areas of six hangars including new utility service lines, environmental control systems, exhaust and sprinkler systems, weight handling systems, security vault, and new painting and lighting necessary for required maintenance of F-18 aircraft.

JUSTIFICATION:

The project was authorized and appropriated in FY 1984 in the amount of $1,390,000. When the construction contract was awarded on 14 March 1984, the Current Working Estimate (CWE) for the project was $1,272,000. The project CWE has now increased to approximately $2,267,000 or 63% above the appropriated amount of $1,390,000. This increase is due to actual and pending change orders that are required to provide complete and useable facilities.

Projects that provide alterations to existing buildings are by their very nature more susceptible to changes than projects that involve strictly new construction. This project consists of modifications to six existing hangars which are between 20 and 30 years old. Many changes have resulted from conditions that were not known prior to initiation of actual construction. During the initial construction effort, removal of floor slabs, wall partitions, and suspended ceilings uncovered utility locations and conditions that were different from those shown on the plans and specifications. For example, there was a conflict in the location of a fresh water line and a sanitary sewer line. The fresh water line had to be relocated in order to maintain the grade of the sanitary sewer line.

Other changes resulted from the need to lengthen the existing monorail system, to increase its lifting capacity, and to convert it from a manual to an electrical system to permit efficient handling of F-18 engines. Additionally, it was determined that explosion proof electrical lighting systems were required in several rooms, and that electrical service was required to permit operation of degreasers to be installed as collateral equipment. A determination was made that Architect/Engineer (A/E) liability was not applicable since this work would have resulted in additional cost if it had been included in the original scope of the contract. The A/E has provided all required redesign at no cost to the Government.

Every construction change has been thoroughly analyzed, and in each case a determination was made that the change was necessary to provide a complete and usable facility. The design revisions provide the most economical engineering solution to correct the problem.

This cost increase is required for the sole purpose of meeting unusual variations in cost, as described above, which could not have been reasonably anticipated at the time the project was originally approved by the Congress.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding of this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
MCB Camp Lejeune/UEPH 628	1984	14,800	12,410	877

1. COMPONENT NAVY	FY 19 84 MILITARY CONSTRUCTION PROJECT DATA	2. DATE

3. INSTALLATION AND LOCATION MARINE CORPS AIR STATION, BEAUFORT, SOUTH CAROLINA	4. PROJECT TITLE MAINTENANCE HANGAR MODERNIZATION

5. PROGRAM ELEMENT 2 64 96 M	6. CATEGORY CODE 211.05	7. PROJECT NUMBER P-321	8. PROJECT COST ($000) 1,390

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
MAINTENANCE HANGAR MODERNIZATION	LS	-	-	1,220
HANGAR MODERNIZATION	-	-	-	1,210
BUILT-IN EQUIPMENT	LS	-	-	(10)
SUBTOTAL	-	-	-	1,220
CONTINGENCY (10%).	-	-	-	120
TOTAL CONTRACT COST.	-	-	-	1,340
SUPERVISION, INSPECTION & OVERHEAD (5.5%). .	-	-	-	70
TOTAL REQUEST.	-	-	-	1,410
BUDGET ADJUSTMENT-REVISED INFLATION INDICES.	-	-	-	1,392
TOTAL REQUEST (ROUNDED).	-	-	-	1,390
EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS	-	-	(NON-ADD)	(0)

10. DESCRIPTION OF PROPOSED CONSTRUCTION

Building alterations to improve shop areas including electric power, compressed air service points, water system, acoustic treatment, environmental control system, exhaust air systems, reflective paint on floors, high pressure sodium-vapor lighting, fire protection system, air conditioning; hydraulic vehicle and overhead lifts, bridge crane; vault.

11. REQUIREMENT: 212,900 SF. ADEQUATE: 122,200 SF. SUBSTANDARD: 59,400 SF.

PROJECT: Modifies hangars.

REQUIREMENT: Adequate hangar shop areas and utilities for organizational and intermediate level maintenance of F-18 aircraft.

CURRENT SITUATION: Existing facilities are not adequate for prescribed maintenance on F-18 aircraft.

IMPACT IF NOT PROVIDED: Adequate maintenance shop areas and utilities will not be available for F-18 aircraft, impairing maintenance, and adversely effecting combat readiness.

AS ENACTED

AUTH	APPRO
PL 93-115	PL 98-116
10-11-83	10-11-83

(Continued on DD 1391c)

1. COMPONENT NAVY	FY 1984 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
3. INSTALLATION AND LOCATION MARINE CORPS AIR STATION, BEAUFORT, SOUTH CAROLINA		
4. PROJECT TITLE MAINTENANCE HANGAR MODERNIZATION		5. PROJECT NUMBER P-321

12. SUPPLEMENTAL DATA:

a. Estimated design data:

(1) Status:
(a) Date Design Started.......................... 7-82
(b) Percent Complete as of January 1983.......... 35
(c) Percent Complete as of October 1983.......... 100
(d) Date Design Complete.......................... 5-83

(2) Basis:
(a) Standard or Definitive Design: Yes____ No X
(b) Where Design Was Most Recently Used: N/A

(3) Total cost (c) = (a) + (b) or (d) + (e): ($000)
(a) Production of Plans and Specifications........(75)
(b) All Other Design Costs........................(35)
(c) Total.. 110
(d) Contract......................................(95)
(e) In-house......................................(15)

(4) Construction start.......................... 12-83
(month and year)

b. Equipment associated with this project which will be provided from other appropriations: None.

AS ENACTED
AUTH APPRO
PL 98-115 PL 98-116
10-11-83 10-11-83

Page 16-5

Commodore **Kelley**. Commander.

ACCESS ROADS, NAVAL HOSPITAL, SAN DIEGO, CALIFORNIA

Commander **Scarborough**. The next project is a defense access road project to support the new Naval Hospital at San Diego. Six bids were received by CALTRANS, who is our agent for this contract. Bid spread was about 26 percent. The cost that was submitted originally to Congress inadvertently did not include contingencies on site construction engineering and CALTRANS work, which includes an administrative overhead and oversight.

The reason for urgency is that this facility will provide main access to the hospital and a parking structure that will be completed later on this year.

The current access from heavily traveled Park Avenue through the middle of Balboa Park will be phased out.

Mr. **Hefner**. With regard to the access road at San Diego Hospital, how much in terms of percentage is programmed for contingencies and post-award engineering?

Commodore **Kelley**. I can give you that. For the post-award engineering, CALTRANS uses 15 percent of the cost of the project. Then they charge us for what their actual costs are.

Mr. **Hefner**. Using a 15 percent figure, how much over are we on this one? We are $1,050,000 over, right?

Commander **Scarborough**. Right.

Mr. **Hefner**. How much for overhead?

Commodore **Kelley**. Overhead, what CALTRANS charges us, is 50 percent of the actual engineering expenses. That is the cost of development of the plans and specifications added to the post-award engineering. So you combine those two figures and take half of it. That is CALTRANS' overhead. Since this is an access road job, CALTRANS or the California State Highway Department is responsible. It is a State Highway Department that does access road projects under the supervision of the Federal Highway Administration.

Mr. **Edwards**. You did not include in your original estimate the administrative overhead? Isn't that routine?

Commodore **Kelley**. Yes, sir. The only thing I can say, sir, it was a screw-up. CALTRANS prepared the estimate, they sent it to the Federal Highway Administration in California, who sent it to their office in Washington. They gave it to us. We thought it had everything included and it did not.

Mr. **Edwards**. Are you all embarrassed?

Commodore **Kelley**. Yes, sir.

Mr. **Edwards**. Quite often there are these screw-ups. The reason I have been so unhappy with this, nearly one in four MILCON projects have fairly good overruns and it is "well, everything is great on this one, but we overlooked something." It is just one after another.

Mr. **Hefner**. If my numbers are correct, you are paying the State about 25 percent?

Commodore **Kelley**. Yes, sir, for engineering work, some construction effort and overhead.

Mr. **Hefner**. To oversee this project?

Commander SCARBOROUGH. This also includes CALTRANS. They are doing physical work that is not in the contract, down to the intersection of Fletcher Road and Pershing Road and Florida Canyon Road. They are putting in the stoplight system and that is being funded by this project.

Mr. HEFNER. I understand. Why wouldn't they be obligated to put in stoplights anyway? That is charged against us?

Commander SCARBOROUGH. That is part of this amount right here.

Mr. HEFNER. How much is the stoplight?

Commodore KELLEY. About $87,000 worth of work.

Mr. HEFNER. If you take the $87,000 away, what percentage is it they would be getting for overseeing? It is still considerably more than the five percent that we usually pay.

Commodore KELLEY. To compare this to what we do, sir, our design usually costs somewhere around four to six percent. Our administration and overhead is five and a half percent. So then our post-award engineer design is probably another one and a half percent. So it is not totally out of line with what it costs us to do business.

Mr. HEFNER. But it is somewhat out of line?

Commodore KELLEY. Somewhat. I would say it is a little bit on the high side.

Mr. QUADE. It does appear on the high side. The reason they are not as excessive as they seem is because highway projects done through the Federal Highway Administration are structured differently. Under their procedures, a great deal more of the work, especially engineering, is done by the highway authority. In other words, post-award engineering, for example, would run one to two percent on Navy contracts, but they are reserving 15 percent—this would be because CALTRANS contracts do not require the contractor to do a lot of survey and engineering work. They do it for him.

Mr. HEFNER. Weren't you aware of this when you came in here for the original amount?

Mr. QUADE. Yes, sir. We were aware of this and thought it was included in our request.

Mr. HEFNER. You have got inconsistencies and you didn't include any contingencies. These include contingency in case something happens. You didn't include that. We are not trying to be hard-nosed about this, but we have had three here and this one is the worst one, isn't it, percentage-wise?

Mr. QUADE. As far as Navy making a mistake in the estimate, this is probably the worst one. We assumed incorrectly, and we have to take the blame for that. For Access Road projects, we have to rely on the Federal Highway Administration and State highway authorities for our estimates. The number they gave us of $2.2 million should have included all add-ons plus a contingency. In actuality, they were estimating what they thought the construction contract would be, expecting someone else to put the overhead and extras in. Through an oversight, this never was accomplished.

Mr. HEFNER. Anybody else have anything?

Mr. COLEMAN. Just to follow up. I am just real upset. This is a typical classic case of government not being able to write contracts or have somebody read them. I don't understand how a construction company cannot be obligated to put that contingency in. I don't understand that. Are they doing that on everybody? We are not asking them to do that or is this just a specific instance?

Commodore **Kelley**. This is a specific instance where we have somebody else do the work for us. Usually we will bid it and we accumulate all the estimates. In this case, it was done through a third party, through a second party who came to us. And, as Congressman Edwards said, it is embarrassing, but that is what happened in our shop.

Mr. **Hefner**. You are assuming that the state had done a fair job?

Commodore **Kelley**. We thought they gave us the bottom line and they didn't, and we have to take the blame for that.

Mr. **Hefner**. You don't; we have to take the blame for it. We are the ones that take the heat for it and I have been sitting over there now for the last two weeks on the budget, trying to get to $52 billion. The Senate is involved in the same thing, making tough choices all across the board, social programs and everything, and trying to protect defense. I know this is nitpicking, this is not big bucks, I am not jumping on you, but it is frustrating when you are here every night until 10 o'clock trying to cut $100 million here and they come in and say we are sorry about that, it is only a million dollars or what have you. Like I say, a billion here and a billion there, and soon you get into big bucks.

Mr. **Edwards**. What the chairman is saying, we are actually wiping out social programs, cutting them off, ending them, in order to save the amount of money that has been spent on MILCON cost overruns in the last two years. We are the ones who catch the heat for it.

Mr. **Hefner**. Okay, let's try another one.

[The summary slide and the request for Naval Hospital San Diego follow:]

FY 1985 P-185
NAVAL HOSPITAL, SAN DIEGO, CA
ACCESS ROADS
PROGRAM AMOUNT $2,200,000

1. SPENCER CORPORATION REDLANDS, CA	$2,282,222
2. ERRECA'S INC SPRING VALLEY, CA	$2,347,955
GOVERNMENT ESTIMATE →	$2,540,000
3. METRO-YOUNG CONST CO. SAN DIEGO, CA	$2,624,466
HIGH BID (6)	$2,876,693

LOW BID	$2,282,222
ADMIN/OVERHEAD CONTINGENCY, POST AWARD,OTHER OBLIGATIONAL REQUIREMENTS	$ 967,778
CWE	$3,250,000

- o EXECUTED BY CALTRANS THROUGH FHWA.
- o COSTS SUBMITTED TO CONGRESS DID NOT INCLUDE CONTINGENCIES, ON SITE CONSTRUCTION ENGINEERING AND ADMINISTRATIVE OVERHEAD.
- o PROJECT PROVIDES THE MAIN ACCESS VIA FLORIDA CANYON TO NEW HOSPITAL.

55-655 O - 85 - 2

BID EXPIRATION DATE:
15 April 1985

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Naval Hospital, San Diego, CA

PROJECT:

Access Roads

AUTHORIZATION:

Section 602(a), Public Law 98-407

ESTIMATED COST:

Previously Appropriated	$2,200,000
Previously Reprogramed	$ 0
Requested Reprograming	$1,050,000
Total Estimated Cost	$3,250,000

DESCRIPTION:

This project upgrades Florida Drive from existing two lanes to a four-lane divided highway and will provide access to the new main entrance to the hospital. Intersection improvements are provided at two locations as well as bridge improvements at two locations.

JUSTIFICATION:

The Federal Highway Administration under the authority of Title 23 USC 210 is responsible for the construction of defense access roads out of funds appropriated for defense access roads using Federal Aid Highway Program procedures. This project was designed and advertised by the California Department of Transportation (CALTRANS) using their design criteria and contracting procedures with oversight from the Federal Highway Administration Office in California.

When this project was identified to the Congress, design was about 50% complete and the estimate of cost (based on information from the on-site CALTRANS representative) was $2,200,000. Congress provided $2,200,000. In November 1984, the Navy was advised through the

Federal Highway Administration that CALTRANS estimate of cost was $3,572,000. Only then was the Navy aware that the previous estimate apparently had not included contingencies, on site construction engineering and administrative overhead. Also, the estimate for the construction contract (based on 100% design) had grown by over 30%, based upon completed design. A reduced scope of work would not have provided necessary improvements and level of service commensurate with the projected traffic requirements.

Six bids were received on 14 February 1985. The current working estimate based on the lowest bid is $3,250,000 and is 48% greater than the amount appropriated for this project.

This cost increase is required for the sole purpose of meeting an unusual variation in cost, as described above, which could not have been reasonably anticipated at the time the project was originally approved by Congress.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
FITC Dam Neck, VA/ Applied Instruction Building (P-903)	1984	12,200	8,500	1,050

* Individual line items subject to reprogramming criteria.

1. COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2. DATE

3. INSTALLATION AND LOCATION VARIOUS LOCATIONS	4. PROJECT TITLE ACCESS ROADS

5. PROGRAM ELEMENT 9 12 11 N	6. CATEGORY CODE 040.00	7. PROJECT NUMBER P-185	8. PROJECT COST ($000) 4,000 *

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
ACCESS ROADS	LS	-	-	4,000
TOTAL REQUEST.	LS	-	-	4,000

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
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10. DESCRIPTION OF PROPOSED CONSTRUCTION

Finance construction of (1) new off-station entrances to Naval activities or new connections between Naval activities; (2) urgently needed improvements of existing highways serving Naval activities; (3) the Federal Government's share of cost of relocating highways severed by expansion or construction of new Naval facilities; (4) alterations to roads near Naval activities to accommodate special military vehicles; and (5) contractor damage to roads serving missile bases. Funds provided will be transferred to the Federal Highway Administration of the Department of Transportation which is responsible under Title 23, USC 210 for assuring proper execution of the work.

11. REQUIREMENT: VARIES.

These funds are required to provide access roads. Access road items are required for construction, improvement, replacement or relocation of public highways necessitated by construction of new or expansion of existing Naval or Marine Corps activities which result in a sudden and significant impact on the adjacent highway system. Such items are also vital for relocation of highways to satisfy airway-highway or explosive-clearance criteria. Highways located within the boundaries of a military reservation are not eligible for financing from these funds. Projects in the regular Federal Aid Primary Systems are not normally considered eligible for financing with these funds (exceptions may occur for cases such as special vehicles, weapons safety, or other extraordinary impact generated by Navy requirements).

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VENTILATION IMPROVEMENTS, NAVY PUBLIC WORKS CENTER, GUAM

Commander SCARBOROUGH. The next one is Guam, ventilation improvement project. The project was programmed at $230,000. Four bids with a large bid spread—51 percent—were received. The reason on this one: Navy underestimated construction costs for explosion proof electrical systems for the ventilation equipment and for the lighting system. The reason we cannot accept the delay on this project is because this requirement is to satisfy OSHA criteria for the spray paint shop.

Mr. HEFNER. We are only $100,000 over on this one?

Commander SCARBOROUGH. Yes, sir.

Mr. HEFNER. You underestimate the cost of explosion proofing. Was this something we hadn't been doing before, this explosion proof electrical system? Is that fairly new?

Commander SCARBOROUGH. The explosion proof electrical systems are not new systems; no, sir. It is not a new technology.

Mr. COLEMAN. Why wouldn't Black Construction Company be required to do that on their own? It was not in the contract?

Commander SCARBOROUGH. We have not awarded this contract. We have in the plans and specifications the requirement for explosion proof electrical systems for the ventilation equipment and lighting system. It is in his contract and he will be required to do the work. We do not have the appropriations to do it because the CWE is higher than 125 percent of the program amount.

Commodore KELLEY. When this came to Congress, we missed the explosion proof work. Our A&E estimate is $334,000. We found out about this requirement later. It was after the project came before Congress. Before October 1 last year we had authority within the Navy to go up to $1 million. We didn't at that time consider we had a problem, but it was subsequent to when we came to Congress that we discovered the problems on this one.

Mr. EDWARDS. I would imagine that you must have many spray paint shops?

Commodore KELLEY. Many, many.

Mr. EDWARDS. Like Midas mufflers, they are everywhere?

Commodore KELLEY. Yes, sir.

Mr. EDWARDS. How can you not know what it costs to put in this explosion proof system if you have so many? You have more experience than you could ever need.

Commodore KELLEY. We are in the process now of trying to bring many of these up to OSHA standards, but we should have caught it.

Mr. HEFNER. What is this other obligation, $46,000?

Commander SCARBOROUGH. Our overhead, five percent contingency and post-award engineering. On these three items, overhead is five and a half percent, contingency is five percent, and post-award engineering is probably a percent. We have those on every individual project.

General WRIGHT. That is overhead cost to manage the project. This is SIOH, supervision inspection and overhead. That is the cost to oversee and manage the project, it consists of just that.

Mr. HEFNER. Each one of them is different.

General WRIGHT. I think what he is trying to say——

Mr. **Hefner**. Each one is a little different. SIOH is how much?

Commander **Scarborough**. Five and one-half percent.

Mr. **Hefner**. Of what, $230,000?

Commodore **Kelley**. Five and a half percent of $283,000.

Mr. **Hefner**. That is $14,000. Contingencies is another——

Commander **Scarborough**. Five percent.

Mr. **Hefner**. That is another $12,000. Post-award, another $12,000. That is $36,000. Okay. So it is actually 20 percent of your original construction costs if each gets five percent.

[The summary slide and request for Guam follow:]

FY 1985 P-169
NAVY PUBLIC WORKS CENTER
GUAM, MARIANA ISLAND
VENTILATION IMPROVEMENTS
PROGRAM AMOUNT $230,000

1. BLACK CONSTRUCTION CO. GUAM	$283,700
GOVERNMENT ESTIMATE →	$334,000
2. HEIDE & COOK, LTD GUAM	$355,267
3. MAEDA PACIFIC CORP CAMPBELL,.CA	$426,700
HIGH BID (4)	$428,643

LOW BID	$283,700
SIOH, CONTINGENCY, POST AWARD, OTHER OBLIGATIONAL REQUIREMENTS	$ 46,300
CWE	$330,000

- PROJECT PROVIDES PROPER VENTILATION IN ACCORDANCE WITH OSHA CRITERIA FOR SPRAY PAINT SHOP.
- NAVY UNDERESTIMATED COST FOR EXPLOSION PROOF ELECTRICAL SYSTEM IN VENTILATION EQUIPMENT AND LIGHTING SYSTEM.

BID EXPIRATION DATE:
7 May 1985

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Navy Public Works Center, Guam, Mariana Islands

PROJECT:

Ventilation Improvements, P-169

AUTHORIZATION:

Section 201, Public Law 98-407

ESTIMATED COST:

Previously Appropriated	$ 230,000
Previously Reprogramed	$ 0
Requested Reprograming	$ 100,000
Total Estimated Cost	$ 330,000

DESCRIPTION:

This project provides alterations to an existing spray paint booth and improved mechanical ventilation in the public works paint shop. This ventilation system will bring this space into compliance with OSHA environmental standards.

JUSTIFICATION:

A total of four bids were opened on 7 February 1985. The low bid results in a project Current Working Estimate (CWE) of $330,000. This is 43 percent in excess of the appropriated amount. The low bid, which is well under all other bidders, is considered very favorable.

Projects that provide alterations to existing buildings are, by their very nature, more difficult to accurately estimate costs than are new construction projects. For this project, the government underestimated the extent of the explosion proof electrical system needed for the ventilation and lighting systems.

The Navy has thoroughly reexamined the design to ensure that it provides the minimum facility necessary to meet OSHA safety standards for occupants during painting operations. Based on this review and bids received, redesign and subsequent readvertisement would accrue no benefit to the government.

SOURCE OF FUNDS

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
Naval Communication Station, San Miguel, RP Lighting Systems (P-380)	1985	300	160	100

1. COMPONENT NAVY	FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
3. INSTALLATION AND LOCATION NAVAL & MARINE CORPS INSTALLATIONS, VARIOUS LOCATIONS INSIDE & OUTSIDE UNITED STATES		
4. PROJECT TITLE PROJECTS $1 MILLION AND UNDER	5. PROJECT NUMBER VARIOUS	

CATEGORY CODE	PROJECT NUMBER	PROJECT TITLE/INSTALLATION/LOCATION	COST ($000)
		Chief of Naval Material	
219.10	P-169	Ventilation Improvements, NPWC Guam, MI	230 230 1/

A portion of the public works shop is presently used as a paint shop. The existing spray booth inside the paint shop has inadequate ventilation and size. Because of insufficient ventilation, flammable and toxic vapors, mist, and dust remain in the area. This project provides adequate mechanical ventilation and alterations of the spray painting area to achieve a safe working spray paint area in environmental compliance with OSH standards.

Subtotal - Chief of Naval Material	230 230 1/

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8-28-84 10-12-84

1/ Reduced request because of budget adjustment - revised inflation indices.

(Continued on DD 1391c)

RAILROAD DOCK, NAS MOFFETT FIELD, CALIFORNIA

Commander **Scarborough**. Next one is a Trident missile project located at Naval Air Station, Moffett Field, California. Program amount is $690,000. We had only three bids on this project. Fairly close, 13 percent bid spread.

We are in this predicament because the transportation and handling system criteria for the missile components changed. A greater wheel load, because of these components, meant that we had to have a thicker pavement for the access road into this facility and for the jacking points at the loading ramp.

The project cannot be delayed. It is on the critical path of development of the Trident II missile. This facility must be operational in December 1985.

Commodore **Kelley**. This is an example of where we are trying to provide the facilities at the same time that they are working on the missiles and other systems and they changed something that has impacted on us and we have to get our facility by the time they have the other systems ready. We came to Congress a year before these systems were defined and we had some changes on this one.

Mr. **Hefner**. I am just curious. On these things like that, you would think not knowing what the requirements are going to be that you would get what your requirements were and then go a percentage above that, because you would not know exactly what that was going to be. Do you not do that?

Commodore **Kelley**. No, sir.

Mr. **Hefner**. You just go the bare minimum? Like the first one up there Mr. Edwards was questioning you about.

Commodore **Kelley**. What we have done, sir, is to try to cut our estimates. We try to call it at exactly what it is going to be without a lot of contingencies. In the '85 program, especially, it was scrubbed all through the system before it got to Congress. We were trying to call it right on the nose without extra contingencies. That is the reason we are back here now. If we had thrown in the higher contingencies, we probably would have been here maybe for two projects instead of seven.

Mr. **Hefner**. Any questions?

[The summary slide and the request for Moffett Field follow:]

FY 1985 P-802
NAS MOFFETT FIELD, CA
RAILROAD DOCK
PROGRAM AMOUNT $690,000

GOVERNMENT ESTIMATE →	$822,000
1. GRADY PAVING INC MOUNTAIN VIEW, CA	$870,873
2. POCI PEOPLES CONSTR CO. MOUNTAIN VIEW, CA	$978,850
3. JACK A. NELSON CAMPBELL, CA	$981,750
HIGH BID (3)	$981,750

LOW BID	$870,873
SIOH, CONTINGENCY, POST AWARD, OTHER OBLIGATIONAL REQUIREMENTS	$119,127
CWE	$990,000

- o PROJECT IS ON CRITICAL PATH FOR TRIDENT II IOC. PROVIDES MISSILE COMPONENTS ACCESS TO AND FROM LOCKHEED IN SUNNYVALE, CA
- o CWE INCREASED SINCE CONGRESSIONAL REQUEST AS TRANSPORTATION AND HANDLING SYSTEM CRITERIA CHANGED
  - WHEEL LOADS INCREASED REQUIRING UPGRADE OF PAVEMENT OVERLAY
  - THICKER JACKING PADS REQUIRED DUE TO INCREASED LOADS (50K LBS TO 100K LB POINT LOADS)
- o FIRST USE OF RAILROAD DOCK REQUIRED BY DECEMBER 1985.

BID EXPIRATION DATE
15 April 1985

Military Construction, Navy
Reprograming Request

Installation:

Naval Air Station, Moffett Field, CA

Project:

Railroad Dock, P-802

Authorization:

Section 201, Public Law 98-407

Estimated Cost:

Previously Appropriated	$690,000
Previously Reprogramed	0
Requested Reprograming	$300,000
Total Estimated Cost	$990,000

Description:

This project replaces an existing railroad dock with a new one to off load active inert Trident II missiles and components.

Justification:

A total of three bids were opened on 14 February 1985. The low bid results in a project CWE of $990,000. This is 43% in excess of the appropriated amount.

The cost increase is due primarily to the fact that this facility was being designed for a missile system under development. Subsequent to the Congressional submission the method of transporting and handling of the missile was changed based on reevaluation of missile production requirements. The transportation change necessitated a redesign of the proposed facility that had reached the 100% design stage. The project will provide the minimum facilities required.

The cost increase is required for the sole purpose of meeting an unusual variation in cost, as described above, and could not have been reasonably anticipated at the time the project was approved by the Congress.

Enclosure (1)

Source of Funds:

Execution of the following project has resulted in accrued savings which is being cited as the source of funding for this cost increase

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working ($000)	Proposed Reprograming ($000)
NSB Kings Bay Ga Strategic Weapons Facility (P-311)	1985	81,700	77,315	300

1 COMPONENT
NAVY

FY 19 85 MILITARY CONSTRUCTION PROJECT DATA

2 DATE

3 INSTALLATION AND LOCATION
NAVAL & MARINE CORPS INSTALLATIONS, VARIOUS LOCATIONS INSIDE & OUTSIDE UNITED STATES

4 PROJECT TITLE
PROJECTS $1 MILLION AND UNDER

5 PROJECT NUMBER
VARIOUS

AS ENACTED
AUTH APPRO
PL 98-407 PL 98-473
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CATEGORY CODE	PROJECT NUMBER	PROJECT TITLE/INSTALLATION/LOCATION	COST ($000)
860.10	P-80[illegible]	Railroad Dock, NAS Moffett Field, CA	700 690 1/

This project provides a railroad dock to load and unload Trident II missile components, which will be assembled and tested at the adjacent Lockheed plant.

Commander **Scarborough**. That is it.

DIFFICULTY OF COST ESTIMATION

General **Wright**. Mr. Chairman, if I may help my colleagues from the Navy out a little bit. I think one of the things—Mr. Coleman touched on it—we are trying to predict the cost of construction in the outyears, sometimes two years ahead, when we submit our program estimate to Congress. Of course, that is influenced by many things—the economy, the marketplace, and that particular part of the country at that given time. At the same time, we are trying to fine tune and make our estimates as close as possible to what we think they should be.

I think what Commodore Kelley was saying was that, on balance, you are going to have a certain number that are going over and you are going to have a certain number that are going to be under, and generally speaking, they will balance out, except for the last two or three years in which we have had an unusual situation where we had a very competitive marketplace. A lot of construction contracts were being awarded for up to 30 percent less than the government estimate, so there were funds accumulated that have subsequently been authorized for additional projects and reprogrammed and funded.

It is very difficult to precisely predict what the marketplace is going to be. You saw some of that reflected in the number of bidders in those areas. Probably I would say that the situation there now is that the construction contractors were not quite as hungry as they have been over the last couple of years and you see two or three bidders per project. That tells you that the bids are going to be higher. When I get more bids per project, the bids are going to be lower, because it is competitive.

That will balance over time, but when you look at the total number of projects that the Air Force, the Army and Navy are managing, and then look at the number that we have to come back and ask for reprogramming, it is a very small percentage of the total. We sure don't like to come back with any. Our goal is to reduce to the absolute minimum the number of projects that we have these kinds of problems on.

The reality of the world is such that we are never going to get to that perfect mark. There are just too many influencing factors. I would submit that you have the same problem in the private sector. We certainly try and we have dedicated professionals out there working, but you have got a tremendous bureaucracy across the world and you have got guys sitting in Arizona and guys in Oklahoma, and guys in Germany, and guys in Japan who are doing their jobs, so you are going to have these perturbations as we go along.

Mr. **Edwards**. I don't disagree with that. The problem is, I think, if you look at all the services together, it is a lot more frequent than you think. I have requested from DOD and have been examining those projects that have been completed for the last several fiscal years and 23 percent of those that have been completed now—you don't know what it is going to be on those not completed—23 percent of those that have been completed that we have gone through, have had overruns.

General WRIGHT. Of some amount.

Mr. EDWARDS. Of some amount. They will average around 12 to 13 percent. Some of them, as we see here, 50, 60, 70 percent. Many are not because of inflation or because of the bids, it is because things get left out of the design. That is what we are trying to get to.

General WRIGHT. I certainly agree. We have had a lot of experience together in dealing with these things and one of the biggest problems that we, the constructors in the DOD, have to deal with is defining precisely the user's needs at the time we go to design. All too often we are on the cutting edge of these programs. The guys that are in another world of DOD are designing systems that have to be accommodated with this construction, and we literally have to pull teeth to get them to tell us what they need so we can get a good package designed that is error free. All too often we get some of these operational dates established that exacerbate the problem, and cause us to have to rush through design.

This causes the architects and engineers to rush their work—and "haste makes waste." As a result, we get mistakes and that is what you are seeing. It's a big problem in the Air Force, and I think the Navy will say the same thing.

But we are tightening down and literally putting the users in the Air Force—I am sure in the Navy and the Army, too—on notice that if you don't know your requirement and you are just giving us your guesses of what it is going to be, we are going to delay that project for a year. I will go to the Secretary if I have to and explain to him that I don't really believe that operational need date out there, because sometimes you don't even know what you are going to do with it when you get there.

We are very sensitive to that. You have heard me say before I sure don't like to come over here and explain those kinds of things. I know Commodore Kelley doesn't either. We need to do better and I think you will find that we are working on that very hard.

UNACCOMPANIED OFFICER PERSONNEL HOUSING, TYNDALL AFB, FLORIDA

Mr. HEFNER. While you are explaining, can you explain why the officers housing project costs $57,500 per man at Tyndall?

General WRIGHT. Is that one of the three projects at Tyndall being reprogrammed?

Mr. HEFNER. Yes.

General WRIGHT. That one was programmed two years ago and it comes out to about $85 a square foot. Experience has shown us, over the last 18 months, that we can reduce that amount somewhat, but I would like to have the opportunity to scrub that project. We are dealing with an estimate that is about two years old. Experience has been in the last 12 months that those projects are running about $60 to $70 a square foot.

Mr. HEFNER. You want to scrub that one?

General WRIGHT. When I say scrub I don't mean scrub in the sense that we want to scrub the decks. I want to scrub the estimate. I want to revise the estimate and determine why it is $85 a square foot.

Mr. HEFNER. Wait a minute now, we are going to go ahead with the reprogramming, you are in for $57,500.

General WRIGHT. Wait a minute.

Mr. EDWARDS. Are you saying you want to withdraw the reprogramming request?

General WRIGHT. No, sir. I want you to give me an opportunity to go back and reestimate the project, not cancel it.

Mr. HEFNER. Can we fence that portion?

General WRIGHT. What I would propose——

Mr. HEFNER. Up to a certain date?

General WRIGHT. I have three projects at Tyndall. One is the UOPH, another is an education center, the last is a base support center. They total $13 million.

The UOPH price of $4.6 million, needs to be reestimated, but what I would like to propose, sir, is that you give us the okay on that project, and let me go back and reestimate. Then I will come back to you and ask you for permission to go with it, but permit me to go with the other two at this time.

Mr. HEFNER. I want you to come back with reprogramming for $63.

General WRIGHT. I don't think I can do that. It is going to be somewhere between $65 and what we have today.

Mr. HEFNER. Why couldn't we give you a lower figure. If that is not enough——

General WRIGHT. I may have to redesign. I don't know the exact amount needed. If I have to go and completely redesign the project it will cost us additional money and time.

Mr. COLEMAN. I guess I would ask why wouldn't that have been in the fiscal year 1986 request?

General WRIGHT. This project was one of several that were authorized to be funded from the dollars that I talked about before that were accumulated as a result of dollars saved during the last fiscal years. There were several projects that were in that category. We are now wrapping up that complete package of projects. These happen to be the last three. They were authorized about two years ago.

Mr. COLEMAN. I guess that is what I am asking. You say you are trying to come back so we still wind up with a reprogramming request for this?

General WRIGHT. That is what I am trying to avoid. If I can ask the chairman to give me the authority to go back and take a look at it, I would come back to him or to the committee without a hearing and advise you that I have revisited the estimate and have determined that I can bring it down lower. But I want to make sure that, by doing that, I am not causing redesign costs on the other side that may offset the savings that we have generated.

Mr. COLEMAN. Thank you.

Mr. HEFNER. Just a minute. You say it is somewhere in the neighborhood of $64?

General WRIGHT. No, sir, I said we have had some go that low. I don't think this one will. That is why I want to go back and take a look. Again, I don't know what the particular environment is at

Tyndall right now. I need to go back and reestimate this project. Eighty-five dollars a square foot may be okay.

Mr. **Hefner**. This is one of these.

Why don't we go to a number like $70 a square foot, and have you figure it out, Bill?

Mr. **Marinelli**. If you take it down to $64 a square foot, it looks to me that you reduce it by about $1.2 million.

Mr. **Hefner**. I am not talking about that, Bill. Excuse me, you have cost at $57,000 per man—this is per unit. What would it bring it down to, would it bring it down to $45,000 per unit or $50,000? Let's give a number and add it up and let's give him that.

General **Wright**. Maybe I can do this. The current design estimate is $3.8 million. Is that what you have?

Mr. **Marinelli**. Yes.

General **Wright**. It is one hundred percent designed right now.

Mr. **Marinelli** It is $4.1 million. It is made up of the housing, $2.9, and support facilities are $1.3.

General **Wright**. My numbers tell me $3.8 milion and without landscaping or parking, the estimate is $3.7 million.

Mr. **Marinelli**. Your estimate is down.

General **Wright**. That approximates $47,000 per person.

Mr. **Hefner**. Forty seven thousand?

General **Wright**. It is $47,500 per person at $3.8 million. So I can go at that. I have a design complete.

Mr. **Hefner**. That is $10,000 a unit. That helps.

General **Wright**. Sir, I will run with that.

Mr. **Hefner**. Let's run with that.

Mr. **Edwards**. Done.

Mr. **Hefner**. Between now and then, we will get it figured out per square foot. I hope the space shuttle is not having this problem. We will go with $3.8.

General **Wright**. Okay.

Mr. **Hefner**. Agreed?

Mr. **Edwards**. Yes.

Mr. **Coleman**. Yes.

Mr. **Hefner**. The pot is right.

UNEXECUTED FY 1984 PROJECTS

Of FY 84 unrequested projects that were funded by Congress, some 14 projects remain unexecuted. Appropriated funds were provided for six of the 14 projects. What we would like for you to do is explain why the six projects for which funds were provided remain unexecuted?

General **Wright**. I will have to provide that one for the record.

[The information follows:]

Extenuating circumstances have contributed to the time required to execute each of these projects

Pope AFB, NC: Base Transportation Complex. Acquisition of the land required for this project has taken longer than was anticipated. The final required tract of land is being obtained through eminent domain proceedings. The estimated award date is 23 August 1985.

McClellan AFB, CA: NDI Facility. The project has been delayed by design of the robotic equipment which will be installed in the facility. The estimated award date is 25 September 1985.

Norton, AFB CA: Tippacone Ave Bridge. Funds for this project where provided to the Military Traffic Management Command, who acts as the DOD construction agent for the Defense Access Roads Program. The project was awarded on 19 March 1985 and is 10 percent constructed.

Tinker AFB OK: Engineering Installations Academy. Design was delayed by redesign required to achieve cost reductions down to the appropriated amount. The estimated award date is 30 August 1985.

Tyndall AFB, FL: UEPH. This project, along with three others in the FY 84 MCP at Tyndall AFB, was selected to be accomplished under the Construction Management (CM) concept. This method of contracting involves a single contractor to manage the design and construction of a facility. Legal problems were encountered which forced the Air Force back to the normal design/construction procedures and resulted in approximately seven months delay in the award of the project. It is currently scheduled for award in June 1985.

Chanute AFB, IL: Central Heating Plant. Work scope is the Central Heating Plant plus the steam distribution system. The project was approved in two parts, the preliminary sitework and the distribution system were authorized and appropriated in FY 84 for $11,700,000; the heat plant was authorized to be funded with a future year appropriation at $66.3 million, after evaluating of third party contracting.

We are presently evaluating third party funding and expect a decision in the next 90 days. If successful we will proceed along this course in early FY 86. If third party funding is not feasible this portion will be inserted in the FY 88 MILCON request. The steam distribution portion is ready to advertise and is expected to be bid in early summer. The delay in award has been primarily due to concentration on the third party effort for the central plant and some modifications in the scope for the steam distribution portion.

Mr. HEFNER. How is that going to affect us today?

Mr. MARINELLI. It won't affect the reprogramming but it points out that we are moving ahead with certain reprogrammings and projects that have been added by Congress still remain unexecuted.

General WRIGHT. I can't answer that but I will get a list. We did submit a list of some projects last month and I don't know if you have that yet. I will have to sit down with you and look at that.

Mr. HEFNER. Okay, the committee provided funds for enlisted man's barracks at Tyndall.

General WRIGHT. The Tyndall project was submitted on the list last month for the enlisted. So I am told that that is moving ahead of this officers quarters. I am told it was submitted to Congress on a notification letter dated 13 March.

[All of the Air Force requests follow:]

BID EXPIRATION DATE:
NOT APPLICABLE

MILITARY CONSTRUCTION, AIR FORCE REPROGRAMING REQUEST

INSTALLATION:

Tyndall AFB, Florida

PROJECTS:

Unaccompanied Officer Personnel Housing ($4,600,000)
Education Center ($2,000,000)
Base Support Center ($6,500,000)

AUTHORIZATION:

Public Law 98-115

ESTIMATED COST:

Previously Appropriated	0
Previously Reprogramed	0
Requested Reprograming	$13,100,000
Total Estimated Cost	$13,100,000

DESCRIPTION:

The Fiscal Year 1984 Military Construction Authorization Act, Public Law 98-115, authorized a number of projects to be funded with savings. The Air Force is ready to proceed with advertising for bids or negotiating a contract for certain Fiscal Year 1984 MCP projects authorized, but not appropriated.

JUSTIFICATION:

Savings are available to fund this increment of Fiscal Year 1984 Military Construction Program savings projects.

SOURCE OF FUNDS:

Fiscal Year 1984, Public Law 98-116, savings derived from good bids and completed projects.

BASE	PROJECT TITLE	APPROPRIATED AMOUNT($000)	REVISED APPR AMOUNT ($000)	SAVINGS ($000)
BANGOR ANGB, ME	OTH-B Radar Spt Fac	$10,100	$7,600	$2,500
FAIRCHILD AFB, WA	Acft Alert Apron	2,850*	2,600	250
NELLIS AFB, NV	Alt UEPH	2,950*	2,550	400
NELLIS AFB, NV	Alt Mech/ Elect	440	340	100
HILL AFB, UT	Health Clinic	2,750*	2,250	500
MARCH AFB, CA	Dental Clinic	3,050*	2,950	100
CARSWELL AFB, TX	Jet Fuel Storage	2,000*	1,800	200
TINKER AFB, OK	Alt/Mech	720	320	400
MCCONNELL AFB, KS	ECIP-EMCS	2,430	1,830	600
BROOKS AFB, TX	Add/Alter OEHL	5,260	4,260	1,000
ANDREWS AFB, MD	OSHA Fire Protection	1,186*	986	200
COLUMBUS AFB, MS	UEPH	1,450*	1,350	100
DOVER AFB, DE	Upgrade CMF	600*	500	100
SEYMOUR-JOHNSON AFB, NC	Acft Maint Dock	4,450*	4,350	100

HOMESTEAD AFB, FL	Alt Mech/ Struct	1,390*	890	500
HOMESTEAD AFB, FL	Alt Acft Washrack	990	740	250
LORING AFB, ME	Alt Alert Crew Fac	4,000	3,700	300
KADENA AB, JA	Jet Fuel Storage(JP-7)	5,600	5,000	600
KADENA AB, JA	Alt Mech	760	260	500
KUNSAN AB, KO	Fire Sta/ Weather Observ	3,000	2,000	1,000
KUNSAN AB, KO	2nd Ech Med Log Fac	600	500	100
KUNSAN AB, KO	UFPH	17,500*	17,200	300
KUNSAN AB, KO	UOPH	8,100	6,100	2,000
OSAN AB, KO	Alt Mech/ Str/Elec	1,390	890	500
TAEGU AB, KO	Under-grnd Fuel Stor	2,050	1,550	500
TOTALS		$85,616	$72,516	$13,100

*Previously Reduced

1 COMPONENT AIR FORCE	FY 19 84 MILITARY CONSTRUCTION PROJECT DATA	2 DATE 20 APRIL 83

3 INSTALLATION AND LOCATION TYNDALL AIR FORCE BASE, FLORIDA	4 PROJECT TITLE UNACCOMPANIED OFFICER PERSONNEL HOUSING

5 PROGRAM ELEMENT 2.75.96	6 CATEGORY CODE 724-417	7 PROJECT NUMBER	8 PROJECT COST ($000) 4,600

9 COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Unaccompanied Officer Pers Housg (80 PN).....	SF	40,200	72.00	2,894
Support Facilities				1,250
Subtotal				4,144
Contingency (5%)				207
Total Contract Cost				4,351
Supervision, Inspection & Overhead (5%)				219
Total Request				4,559
Total Request (Rounded)				4,600

10 DESCRIPTION OF PROPOSED CONSTRUCTION Unaccompanied officer personnel quarters construction to be two story face brick and concrete block structure, with concrete footings, floor slabs, balconies, and a built-up-roof. Interior construction will be of painted concrete block, carpeting, ceramic tile in the bathroom and vinyl floor tile in the kitchen. All the necessary lighting, electrical, plumbing, and mechanical systems will also be provided. Area includes: sleeping/living rooms, kitchens, bathrooms, laundry rooms, storage spaces, mechanical equipment rooms, and POV parking.

Air Conditioning - 60 Ton Grade Mix - 80 PN 0-1 to 0-6

11. REQUIREMENT: 203 PN ADEQUATE: 100 PN SUBSTANDARD: 138 PN

PROJECT: Construction of unaccompanied officer personnel housing.

REQUIREMENT: Adequate on-base living quarters are required to house unaccompanied officer personnel requiring temporary quarters. On-base quarters are needed to ensure these officers are provided an environment conducive to rest and personal well-being and in the case of students, proper study so they can meet the rigid requirements of the various training programs conducted at the base.

CURRENT SITUATION: Over 57 percent of the VOQ spaces are substandard. These substandard VOQ spaces were constructed over 40 years ago using design criteria of that time. Wood frame structures, inadequate lighting, poor insulations and sound attenuations, absolete electrical and mechanical systems are some of the inadequacies of these

1 COMPONENT AIR FORCE	FY 19 84 MILITARY CONSTRUCTION PROJECT DATA	2 DATE 29 APRIL 83
3 INSTALLATION AND LOCATION TYNDALL AIR FORCE BASE, FLORIDA		
4 PROJECT TITLE		5 PROJECT NUMBER

11. Cont'd
spaces. These spaces cannot be upgraded to meet current adequacy standards. Upon completion of this project 13 buildings will be demolished. IMPACT IF NOT PROVIDED: Substandard living accommodations will continue to degrade the morale, productivity and career satisfaction of our transient officers.

1 COMPONENT AIR FORCE	FY 1984 MILITARY CONSTRUCTION PROJECT DATA	2 DATE

3 INSTALLATION AND LOCATION TYNDALL AIR FORCE BASE, FLORIDA	4 PROJECT TITLE EDUCATION CENTER

5 PROGRAM ELEMENT 2.75.96	6 CATEGORY CODE 730-441	7 PROJECT NUMBER	8 PROJECT COST ($000) 2000

9 COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Education Center	SF	20,000	81.00	1,620
Supporting Facilities				210
Subtotal				1,830
Contingency (5%)				92
Total Contract Cost				1,922
Supervision, Inspection & Overhead (5%)				96
Total Request				2,018
Total Request (Rounded)				2,000

10 DESCRIPTION OF PROPOSED CONSTRUCTION

Masonry walls, concrete foundations and floor slab, structural steel frame, and built-up roof. The area includes classrooms, testing rooms, Conference Room, counseling rooms, administrative and storage space, toilets, mechanical equipment room, support space and utilities. Air Conditioning - 90 Tons

11. REQUIREMENT: 20,000 SF ADEQUATE: 0 SF SUBSTANDARD: 17,600 SF

PROJECT: Construction of an Education Center.

REQUIREMENT: A centrally located, adequately sized and functionally configured education facility is needed to provide a single point of service for all assigned personnel wishing to further their education. Also, a facility is required for continual central base proficiency testing.

CURRENT SITUATION: The Education Center is presently utilizing three substandard wooden framed facilities constructed in 1941. Two of these facilities were originally designed and constructed as part of the base hospital. The other wood frame facility is located on the other side of the base creating a management/span of control problem. The 20 classrooms are used morning, noon and night. In addition, these classrooms are used on Saturdays for education program and on Sundays to support the Chaplain's program. These classrooms are marginally functional and require excessive maintenance/repair work. They are termite infested, beyond economical repair, too small, too noisy and are by no means properly insulated for private or group counseling.

IMPACT IF NOT PROVIDED: Substandard facilities will continue in use which is not conducive to proper learning environment.

1 COMPONENT AIR FORCE	FY 1984 MILITARY CONSTRUCTION PROJECT DATA	2 DATE

3 INSTALLATION AND LOCATION TYNDALL AIR FORCE BASE, FLORIDA	4 PROJECT TITLE BASE SUPPORT CENTER

5 PROGRAM ELEMENT 2.75.96	6 CATEGORY CODE 610-128	7 PROJECT NUMBER	8 PROJECT COST ($000) 6500

9 COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Base Support Center..........................	SF	76,000	70.00	5,320
Support Facilities..........................				575
Subtotal....................................				5,895
Contingency (5%)............................				295
Total Contract Cost.........................				6,190
Supervision, Inspection & Overhead (5%).....				309
Total Request...............................				6,499
Total Request (Rounded).....................				6,500

10 DESCRIPTION OF PROPOSED CONSTRUCTION Construct a three-story building having masonry walls, concrete foundation and floor slabs, structural steel frame and a built-up roof. The facility includes the Consolidated Base Personnel Office, Civilian Personnel Office, Base Administration, Staff Judge Advocate, Comptroller, Social Action, Traffic Management Office and Housing Assignments and Referral. Work will include latrines, mechanical equipment rooms, elevators and all required pavement and utilities and other support. Air Conditioning: 200 Tons.

11. REQUIREMENT: 76,000 SF ADEQUATE: 9,341 SF SUBSTANDARD: 51,666SF

PROJECT: Construction of an administrative facility that will house a number of varied but related administrative and support facilities.

REQUIREMENT: To provide a central facility for organizations and functions that provide a service to the military and civilian personnel working on the installation and support military retirees should be consolidated into one facility to simplify operating procedures, reduce processing time and improve efficiency.

CURRENT SITUATION: The organizations and functions on this installation that provide services to the military personnel, their dependents, retired military personnel and civilian employees are located in several widely dispersed facilities. Most of these facilities are wood frame structures that are over 30 years old. These facilities are generally inadequate in their size and configuration and their age and condition makes them uneconomical to upgrade, operate and maintain. Because of the distance separating most of these functions, it is extremely time consuming and difficult to conduct all necessary business in a reasonable amount of time. Military personnel are particularly affected by the present

1 COMPONENT AIR FORCE	FY 1984 MILITARY CONSTRUCTION PROJECT DATA	2 DATE
3 INSTALLATION AND LOCATION TYNDALL AIR FORCE BASE, FLORIDA		
4 PROJECT TITLE BASE SUPPORT CENTER		5 PROJECT NUMBER

11. Cont'd

arrangement of facilities. When they are in-processing or out-processing on Permanent Change of Station (PCS) orders they normally must contact the CBPO, Finance TMO, Legal Office, Housing Referral and Assignments, Social Actions and Base Administration to properly clear into or off the installation. The construction of a single facility to house all of the primary functions that support the personnel utilizing this installation will greatly reduce the time required to obtain necessary services and support.

IMPACT IF NOT PROVIDED: The primary support functions will remain in substandard, widely dispersed facilities. Time will continue to be lost because of the need to travel from building to building to accomplish normal in and out-processing actions and coordinate activities.

Bid Expiration Date:
Not Applicable

MILITARY CONSTRUCTION, AIR FORCE
REPROGRAMING REQUEST

INSTALLATION: Tinker Air Force Base, Oklahoma

PROJECT: Restore Aircraft Maintenance, Engine Inspection and Repair Shop

AUTHORIZATION: Public Law 98-407, FY 85 Military Construction Authorization Act

ESTIMATED COST:	Previously Reprogramed	$40,000,000
	Requested Reprograming	$22,500,000
	Total Estimated Cost	$62,500,000

DESCRIPTION: This project restores a facility damaged by fire on November 12, 1984. Proposed work includes portions of the roof, roof structure, interior structural members, partitions, electrical systems, mechanical systems, water damaged components, and necessary support. Project also includes necessary design efforts to accomplish the restoration work in the most expedient manner.

JUSTIFICATION: On November 12, 1984, a fire broke out in the roof of Building 3001 in the area of the building where depot level aircraft engine overhaul activities are conducted. By the time the fire was finally contained on November 14, 1984, approximately 675,000 SF of the building's nearly 2.5 million SF of total area were damaged. The damaged area comprised the entire engine disassembly, repair and assembly space. These activities are critical and essential to the Air Force's peacetime and readiness missions since this is the primary depot for J-57, J-79, TF-41, TF-33 and TF-30 engines. On an interim basis, alternative methods to minimize the impact on the flying mission by borrowing space on Tinker and within AFLC and other DOD installations are underway. These stop gap measures cannot provide a long-term solution. Due to the nature of the damage, with the associated hidden problems, the total extent of the damage had not been determined when the original reprograming request was submitted. Now, contracts for demolition, long lead time items, numerical control machine enclosure, and packages 1 and 2 of a four-package cost-plus fixed-fee contract for the restoration have been awarded. This commits all of the $40,000,000 approved by the House Appropriations Committee in our original reprograming request. The design of the third and fourth packages is approaching 100 percent completion and with the roof removed the full extent of the damage can be determined. The cost estimate is now $62,500,000. This cost increase is due to several items of work that were omitted or underestimated in the original estimate. Replacement of the vertical lift hangar door and chemical cleaning of the structural steel, walls and floor were omitted in the original estimate. Architectural, structural, roofing, mechanical and electrical work was underestimated in the original estimate. A revised DD Form 1391 is attached.

SOURCE OF FUNDS: Fiscal Year 1984, PL 98-116 and PL 98-396
Funds to finance this project are available from projects that have been cancelled and fro projects that received low bids:

PROJECT/ LOCATION	APPROPRIATED AMOUNT ($000)	REVISED APPROPRIATED AMOUNT ($000)	SAVINGS ($000)
RDF FAC Ras Banas, Egypt	$49,000	0	$49,000
ACRFT MAINT HANGAR Shemya AFB, AK	21,200*	$18,000	3,200
SUPPLY & EQUIP WHSE Osan AB, KO	3,800	3,300	500
ALT ELEC/STRUC Kirtland AFB, NM	600	0	600
STS SCTY MODS Eastern Launch Site, FL	6,000	4,000	2,000
STS SCTY MODS Vandenberg AFB, CA	12,000	10,000	2,000
HYDRANT FUELING/CASS Barksdale AFB, LA	13,500	11,500	2,000
COMM SITE SURVIVABILITY RAF Croughton, UK	1,658	1,458	200
UEPH Osan AB, KO	11,200	10,200	1,000
UNDERGROUND FUEL STOR Osan AB, KO	7,100	5,100	2,000
TOTAL	$126,058	$63,558	$62,500

*Previously Reduced

1. COMPONENT AIR FORCE — FY 19 85 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
3. INSTALLATION AND LOCATION TINKER AIR FORCE BASE, OKLAHOMA	4. PROJECT TITLE RESTORE AIRCRAFT MAINTENANCE ENGINE INSPECTION & REPAIR SHOP

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST ($000)
7.28.96	211-157	WWYK850376	62,500

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
AIRCRAFT MAINTENANCE ENGINE INSPECTION & REPAIR SHOP	SF	675,000	72.52	48,951
MOBILIZATION/GENERAL CONDITIONS	LS			(2,600)
DEMOLITION	LS			(3,357)
NUMERICAL CONTROL ENCLOSURE	LS			(860)
STRUCTURAL RESTORATION	LS			(9,753)
ROOFING	LS			(2,695)
ARCHITECTURAL	LS			(9,130)
MECHANICAL	LS			(12,115)
ELECTRICAL	LS			(8,441)
RESTORATION COST	LS			48,951
CONTINGENCY (15%)				7,343
SUBTOTAL				56,294
SUPERVISION, INSPECTION & OVERHEAD (5.5%)				3,096
DESIGN				3,203
TOTAL REQUEST				62,593
TOTAL REQUEST (ROUNDED)				62,500

10. DESCRIPTION OF PROPOSED CONSTRUCTION Restore about 675,000 SF of Engine Inspection, Repair and Assemble shop area in Building 3001 damaged by fire on 12 thru 14 November 1984. Includes design, demolition, asbestos removal as required, structural component restoration and replacement, roof replacement, utility system restoration and replacement, and enclosure of the numerical control function. Utility system restoration/replacement includes fire protection, water, steam/condensate, electrical, industrial waste, chilled water, gas, communications support, compressed air, fan decks and air distribution ductwork.

11. REQUIREMENT: As required.

PROJECT: Restore about 675,000 SF of area in Bldg 3001 for use by the engine disassembly, cleaning, inspection, repair and assembly functions.

REQUIREMENT: Depot level repair on aircraft jet engines are accomplished at this Air Logistics Center on the following engines: J-57, J-79, TF-30, TF-33 and TF-41. The J-57 is used on B-52s; the J-79 on F-4s; the TF-30 on F-111s; the TF-33 on C-141s and B-52s; and the TF-41 on A-7s. Functions accomplished in the damaged area include: disassembly, cleaning, inspection, welding/machining, numerical control, sub and final assembly.

CURRENT SITUATION: On 12 November 1984 a fire started in the roof area of Bldg 3001 over the depot maintenance area. The fire burned until it was contained on 14 November 1984 after having damaged about 675,000 SF of area. Damages include the roof, structural members/components, a hangar door, and utility systems integral to the structure system and those supported by the structural system. This resulted in the loss of 675,000 SF of area used in this building to support the depot work on jet engines. The asbestos removal and preliminary structural repair

FY 19__ MILITARY CONSTRUCTION PROJECT DATA

AIR FORCE

INSTALLATION AND LOCATION

TINKER AIR FORCE BASE, OKLAHOMA

PROJECT TITLE

RESTORE AIRCRAFT MAINTENANCE ENGINE INSPECTION & REPAIR SHOP

5. PROJECT NUMBER

WWYK850376

CURRENT SITUATION (Cont'd):

work has been started to expedite the total restoration. This loss of space has required establishment of unsatisfactory work-arounds to continue depot rework on the engines served by this ALC. Aircraft spaces in Bldg 3001 (KC-135 and A-7) have been taken and the sheet metal shop has been relocated to a warehouse. This has provided about 261,000 SF of area to continue the engine work requiring a three shift operation and other measures to maintain only peacetime engine capacity. The temporary measures do not provide the chemical cleaning capability which is being accomplished at San Antonio ALC by trucking parts and using Oklahoma City ALC personnel on temporary duty. This requires a three shift operation at San Antonio to satisfy the peacetime requirement. Numerical Control is another function that cannot be satisfied on a temporary basis and prevents the manufacturing of replacement components. The displaced aircraft from Bldg 3001 must be squeezed into other overcrowded aircraft maintenance hangars and the displaced storage functions need to lease off-base storage area (about 95,000 SF). In addition, ten Harvest Bare Shelters (hangars) have been made available and erected at Tinker AFB to store engine parts and displaced equipment. The proposed design and restoration work must be supported expeditiously to minimize these adverse effects on depot operations. IMPACT IF NOT PROVIDED: A prolonged reduction of the engine repair capability at this ALC will impact the operational readiness of some of the first line US Air Force aircraft. The lack of TF-30 P100 engines will cause training flying hour reductions in the F-111 fleet, in particular, the F-111Fs, unless the TF-30 engine repair capability is reinstated by the end of January 1985. Second and third shift, 7 day-a-week operations will be worked to correct inefficient flow and material handling problems. The parts cleaning will be accomplished at San Antonio ALC. Non-availability of the numerical control capability will cause less efficient means to be used to fabricate needed parts to place engines back in service. The operating commands have been authorized to overfly the engines by ten percent (except TF-41) which will cause an additional depot workload when the engine is returned for rework. The work-around measures and the added workload on San Antonio ALC have eroded the surge capability to support contingencies.

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BID EXPIRATION DATE:
NOT APPLICABLE

MILITARY CONSTRUCTION, DEFENSE AGENCIES
REPROGRAMING REQUEST

INSTALLATIONS:

Camp McTureous, Japan

PROJECT:

730-784, McTureous Elementary School

AUTHORIZATION:

Public Law 98-407, Military Construction Authorization Act, 1985

ESTIMATED COST:

Previously Appropriated	$ 0
Previously Reprogramed	0
Requested Reprograming	$5,220,000
Total Estimated Cost	$5,220,000

DESCRIPTION:

This project will provide a complete elementary school for 750 dependents of military and civilian personel in grades kindergarten through 6. The project includes 25 general classrooms, three kindergarten classrooms, a multipurpose room, a kitchen with dining area, several special purpose classrooms, special education facilities, administrative/counseling offices, playgrounds, all necessary utilities, and site improvements.

JUSTIFICATION:

The school is intended to serve the population of 1,071 on-base housing units at Camps Courtney and McTureous as well as 248 off-base families. There are presently two family housing units at Camp Courtney. There are 513 more units under construction there, and occupancy of those units is scheduled to begin in November 1985. They should be completely occupied in December 1986. There are 556 housing units planned for Camp Mctureous. The first 496 units are expected to be occupied in 1988, and the remaining 60 units in 1989.

Although the DD From 1391 which was submitted to Congress to obtain authorization and appropriations for the McTureous Elementary School contained the statement that the school would support the occupants of 850 family housing units, that figure was based on earlier estimates. The new figure of 1,071 on-base housing units and 248 off-base housing units are current and are expected to remain firm according to the Air Force.

The congressional requirement for the submission of the McTureous Elementary School to the Government of Japan for funding under the Japanese Facilities Improvement Program (FIP) was not communicated to the Department of Defense until after the JFY 85 FIP was already submitted. Even if the McTureous School project was submitted in time for inclusion in the JFY 86 FIP and given favorable consideration by the Government of Japan, the earliest time frame in which the school could be completed would be Calendar Year 1988. With military construction funds, the facility could be completely constructed by the middle of Calendar Year 1987.

If the school at Camp McTureous is not financed with FY 85 military construction appropriations, it will be necessary to bus students at great expense from the McTureous housing area to already overcrowded schools, convert other military facilities into substandard temporary classrooms, and/or curtail the Marine Corps initiative to increase the number of accompanied tours in Okinawa until school facilities can be built.

SOURCE OF FUNDS:

The project identified below is being accomplished with savings from prior years, thus permitting the use of FY 85 resources to accomplish the McTureous School project.

Project/Location	Fiscal Year	Appropriated Amount ($000)	Current Estimate ($000)	Proposed Reprogramimg ($000)
Renovate 6 Elementary Schools, Fort Bragg, North Carolina	86	$5,600,000	0	$5,220,000*

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*The balance of $380,000 remains available for reprogramming.

BID EXPIRATION DATE:
MAY 5, 1983

MILITARY CONSTRUCTION FAMILY HOUSING, AIR FORCE

REPROGRAMING REQUEST

INSTALLATION: The deactivated Army Anti-Ballistic Missile (ABM) site at Nekoma, North Dakota, and the Air Force Missile Early Warning System (MEWS) site at Concrete, North Dakota.

PROJECT: Relocation of 12 housing units from the ABM site to the MEWS site.

AUTHORIZATION: 10 USC Sec. 2827

ESTIMATED COST:	Previously Appropriated	$ 0	
	Previously Reprogramed	(243,800)	(Expired)
	Requested Reprograming	415,800	
	Total Estimated Cost	$415,800	

DESCRIPTION: Relocation of 12 housing units from an installation that has been deactivated to an installation that has a specific need. The 12 units, when relocated, will be complete with utilities, landscaping, roads and automobile parking areas.

JUSTIFICATION: 10 USC Sec 2827 authorizes the Secretary of the Air Force to relocate family housing units from locations where they exceed requirements, to military installations where there are housing shortages. The 12 units are excess to requirements at their present location. The units at Nekoma can be used to meet a housing requirement at Concrete. The relocation of these units is considered to be consistent with the long range military strengths and developments based on the latest plans in accordance with current housing criteria. The requested reprograming amount is based on the low bid of four bids received. The previous government estimate was based on a programing estimate for a similar but larger project to relocate units from Nekoma to Grand Forks AFB, North Dakota. The unit cost estimate was then reduced to reflect a much shorter haul distance to Concrete, North Dakota. The estimate failed to recognize the overall increase in costs due to inflation during the 1977-1980 time period as well as the economies of project size in contractor mobilization costs. The entire design and review process was further complicated and delayed by a transfer of responsibility for the MEWS site from one major command to another. Project design and the bidding process could not be completed prior to expiration of the reprogramed FY 79 funds authorization.

SOURCE OF FUNDS:

LOCATION	PROJECT	REPPROGRAMING REQUESTED
Ft MacArthur	200 MFH, FY83	$415,800

Congress appropriated $18,000,000 for the FY 83, 200 unit MFH project at Ft. MacArthur. A contract for $10,295,300 was awarded to construct 170 units on the land available at the Ft. MacArthur site. $2,700,000 is reserved for construction of the remaining 30 units at White Point. From the balance of $5,004,700, reprograming of $415,800 is proposed for the MFWS site at Concrete, ND.

That is all the questions I have.

Do you have any questions?

Mr. LOWERY. No.

Mr. HEFNER. Do you have any questions, Mr. Early?

Mr. EARLY. No.

DOD DEPENDENT SCHOOLS, JAPAN

Mr. HEFNER. I guess we will go to Mr. Trepal, DOD Dependent Schools.

The elementary school, $5,220,000. This project was denied in FY '85 and DOD was directed to seek funding in the Japanese facilities improvement program. Describe your efforts to seek Japanese funding for this project.

Mr. TREPAL. Sir, on this particular project, we did not seek Japanese funding. What we did was seek Japanese funding for all future new school construction in Japan, and we believe that the direction from the committee was that once the issue of Japanese cost sharing is resolved, you would entertain a request for reprogramming on the project because if we went to the Japanese for funding, this funding would come much too late. The school would not go up in conjunction with the housing. We would have to take drastic measures to either curtail Marine Corps accompanied tours or cause overcrowding of other schools in the area, with expensive costs for busing.

Mr. HEFNER. So if the committee approves this project, are you prepared to assure us that all future new school projects will be submitted for funding under the Japanese Facilities Improvement Program?

Not only that, that you will make a real all out effort to see that this occurs?

Mr. TREPAL. Certainly, Mr. Chairman. The Department of Defense Dependent Schools is committed to carry out the committee's desire in that respect. However, as you know, it will take an effort by the entire Defense Department.

Mr. HEFNER. I understand that. That is why I am asking.

Mr. TREPAL. We have here a proposed response to the letter which you sent to the Commander of the Pacific Forces and we believe that we have the commitment that you are seeking. I don't know if the response has reached you yet, but the Commander says that it is fully understood that the congressional intent is to have the Japanese fund new school construction in Japan, and following this guidance, they have programmed three schools in the fiscal year 1986 Japanese Facilities Improvement Program and will continue to seek facilities improvement funds for all new schools.

Now, I think the only condition that they have attached is that there are some circumstances where, for instance, you are talking about additions to schools, which might be very expensive for the Japanese to fund under their law, and under those circumstances, they may want to get some support from the committee for U.S. appropriated funds where Japanese funding is really not practicable.

Mr. HEFNER. Okay. If my memory serves me correctly on this particular project we had asked that you talk to the Japanese about, we found out it was never mentioned to the Japanese. We want to make sure that in the future—of course, we have got three schools coming up in '86.

Mr. **Trepal**. Yes, sir. Of course, Mr. Chairman, I think it must be remembered that last year, in April, the projects had to be submitted to the Government of Japan for their facilities Improvement Program. It was not until the late summer that we actually had the conference committee report which advised us of the firm position of the Appropriation Committee on these projects.

[**Clerk's note.**—An additional question submitted by Mr. Hefner is as follows:]

Question. The Committee has just sent a letter to Admiral Crowe stating its clear position that all school projects in Japan should be funded via the Japanese Facilities Improvement Program. What is DoD's position regarding this letter?

Answer. The Department of Defense position is reflected in Admiral Crowe's reply of April 22, 1985.

[**Clerk's note.**—End of question submitted by Mr. Hefner.]

Mr. **Hefner**. Any questions?

Mr. **Coleman**. Just one. You said that if we didn't do this, you would have to—one of the drastic measures would be an increase in Marine unaccompanied tours?

Mr. **Trepal**. That has been one of the solutions that was suggested to you as an alternative, if the school could not be built. Since this school would be serving two camps that are in close geographic proximity on the Island of Okinawa, and there is no existing school, you would really have to choose between busing these dependents from housing that is being constructed and occupied, in that area, to other schools on the island, or simply defer or curtail the Marine Corps accompanied tour initiatives.

Mr. **Coleman**. How long would the delay be?

Mr. **Trepal**. If we accept that alternative, my understanding is if we approached the Japanese at the next opportunity we would probably have to curtail that initiative until at least 1988.

Mr. **Coleman**. How long is that tour? What is the average of the tour?

Colonel **Falkenbach**. Accompanied tour, three years.

Mr. **Coleman**. Unaccompanied, one year.

Mr. **Edwards**. I may have misunderstood. Did you say that is a proposed response from the Commander?

Mr. **Trepal**. My understanding at this time is that it is signed and awaiting clearance in the Defense Department. Copies are addressed to both you and Chairman Hefner.

Mr. **Coleman**. If you change that unaccompanied tour, making it one year as opposed to three, certainly in terms of the overall budget some additional cost is incurred if we have three one year tours with troops as opposed to the one three year tour?

Mr. **Trepal**. You certainly do.

Mr. **Coleman**. You have additional costs if we don't do this?

Mr. **Trepal**. Yes, sir.

Mr. **Coleman**. That is, I personally think that would be your best alternative if you have to do it.

Mr. **Trepal**. There would be transportation costs involved with frequent permanent changes of station.

Mr. Coleman. I did serve on the Personnel Subcommittee of the Armed Services Committee this last session and I think before we take any action contrary to that that the committee was desirous of doing that we certainly ought to get those numbers. Those are very expensive numbers, I can assure you, and I suspect it will outweigh the $5 million request at least. What would be your estimate of that?

Mr. Trepal. I really would not be in a position to give that estimate without consulting with the Marine Corps.

Mr. Coleman. I wanted to point out I know there are additional costs when you start three additional movements or six I guess.

Mr. Trepal. Would you like for me to provide that estimate for you, sir?

Mr. Coleman. It might be a good idea for the future for us to have that for the record and you can do that. I am not going to delay you on this one for that purpose, but it will probably be good for us to have that additional information so we will get it. That may only apply to the Marines and not to maybe the other services, but that is all right, too.

[Clerk's note.—The information follows:]

Over the course of a 3 year period, personnel assigned overseas in an unaccompanied status would complete a total of six permanent change of station moves for each authorized manpower space. Such personnel would also be authorized to move their families to and from some location in the United States in conjunction with the assignment of the service members to the overseas location and their return to the United States to rejoin their families at a new duty station. In the same period of time, personnel assigned to the same overseas location in an accompanied status would only complete two permanent change of station moves. Accordingly, there is a net savings of four permanent change of station moves per manpower space every 3 years if personnel are assigned in an accompanied status rather than unaccompanied.

The Marine Corps reports that the average cost for FY 1985 is $5,947 to move an officer and $1,629 to move an enlisted person. Assuming that the 750 students at the McTureous Elementary School will be from 500 different families (1.5 students per family) and that 80 percent of those families will have Marine Corps sponsors, the savings in permanent change of station moving costs that can be expected in the first three years alone as a result of the conversion to accompanied tours is computed as follows:

100 officers times $5,947 times 4 moves plus	$2,378,800
300 enlisted times $1,629 times 4 moves plus	1,954,800
Total	$4,333,600

Mr. Hefner. Mr. Early.

USE OF SAVINGS FOR REPROGRAMMING

Mr. Early. I am curious on the source of the funds, why do we go through this project? The project identified below is accomplished with savings from prior years, which permits the use of '85 resources to accomplish the school project. Why don't you just get appropriations for it and why do you keep these savings?

Mr. Trepal. The savings were already used to finance that particular project at Fort Bragg, so the monies specifically appropriated for that, according to the Comptroller, are now available for reprogramming and it is our understanding there is a requirement to indicate the source in the reprogramming request.

Mr. EARLY. You could legally do that. You could pay for Fort Bragg with savings without any legislative permission?

Mr. TREPAL. I would need again to check with the Comptroller on how they got the funds from other savings and what authority they had.

Mr. EARLY. If we can pay for Fort Bragg and any other project with any other money——

Mr. EDWARDS. You are saying these are not authorized?

Mr. TREPAL. No, they are authorized.

Mr. EDWARDS. But not appropriated.

Mr. TREPAL. The funds were appropriated in prior years.

Mr. EARLY. The question is, why you have this type of language, why you don't just pay for this Japanese school project with those savings rather than say that they are paying for the North Carolina, Fort Bragg project. Now we are going to take the Fort Bragg project and transfer the money over here.

Mr. MURRAY. I think, Mr. Early, what happened in this case—it is confusing—the Fort Bragg——

Mr. EARLY. That isn't the only case.

Mr. MURRAY. The Fort Bragg schools were renovated with savings from earlier projects. In other words, fiscal year '83 money I believe, that was left over.

Mr. EARLY. How could they do that?

Mr. TREPAL. Foreign currency fluctuations.

Mr. EARLY. How could you legislatively use some other appropriated money to pay for a different project?

Mr. MURRAY. We currently have no restriction on that type of movement. They actually execute the project.

Mr. EARLY. We do reprogramming, they can use the money they have avilable anyplace they want to use it?

Mr. MURRAY. In this case, this project was not funded last year so they have to come forward and request funds for it.

Mr. EARLY. Fine. Then you get to the language as far as that project was paid for with Fort Bragg money, which is strictly double talk.

Mr. MURRAY. I don't disagree with you.

Mr. HEFNER. I don't understand it.

Mr. EARLY. We are never going to correct it until we reject the reprogramming.

Mr. HEFNER. What you are saying, if we have savings, use up your savings before you come in for——

Mr. EARLY. No, let the savings just go back to the Treasury, if you want. Don't say that they can hold it as a cushion to double talk with this type of language, because the Fort Bragg project would have been paid with appropriated monies.

Mr. HEFNER. Some of these programs we mandate that they have to do it from savings, we don't give them appropriations. They have to do it.

Mr. EARLY. They had money to do the Fort Bragg project, Mr. Chairman.

Mr. HEFNER. That is right, and it should have been done.

Mr. EARLY. It was done, but with different money.

Mr. HEFNER. Has it been done?

Mr. MARINELLI. Yes.

Mr. **Early**. They say that in three or four projects we have got here. We are not spending any money, it isn't real money we are spending, it is from savings. That is just military jargon.

Mr. **Lowery**. I am curious. How much money in savings is there floating around in DOD?

Mr. **Trepal**. Again, that particular question would have to be addressed by the Comptroller. We turned to the Comptroller for a source of funds.

Mr. **Lowery**. Let me ask the Navy and Air Force how much they have got.

Mr. **Hefner**. Okay, that is a good question. Anybody know how much savings money we have floating around over there?

Mr. **Lowery**. How much does the Air Force have floating around in savings?

General **Wright**. Right now, virtually none. We did have savings generated the last couple of fiscal years, but essentially all of that has been expended on authorized projects.

Mr. **Lowery**. Authorized projects where you don't have to come back to the committee?

General **Wright**. We have already come back to the committee. This happened in the past year.

Mr. **Lowery**. How much have you had at any one time?

General **Wright**. Well, in 1983 and '84, we accumulated something on the order of $240 million.

Mr. **Lowery**. And for the Navy?

General **Wright**. That is Air Force.

Mr. **Lowery**. I understand.

Commodore **Kelley**. We right now have a balance of $5.1 million. Last year the $80 million across the board cut took care of our savings.

Mr. **Lowery**. Thank you, I appreciate the gentleman yielding.

General **Wright**. That was a very unique situation where, as I mentioned to Mr. Coleman—I don't know if you were here a while ago when we were talking about it—that very competitive bidding climate that we experienced in '83 and '84, that really caused a lot of dollars to be accumulated, approved dollars.

I remember four years ago, we were at the other extreme, where we were under about $200 million in the Air Force. So it really fluctuates, depending upon the economic conditions in marketplaces.

CONGRESSIONAL OVERSIGHT OF MILITARY CONSTRUCTION PROJECTS

Mr. **Edwards**. Joe, I understand your point. I think that one of the things that has been bothering me, and I don't know what we can do about it, but my understanding is that it is the role of Congress to appropriate line items. We say this is what we want you to build, how much we think it is worth, and what we are going to give you for it. The Pentagon, on the other hand, looks at it very differently. They look at it as if we are giving them a check and they will decide where to spend it, and how to move it around. It is kind of the reverse of the line item veto. They veto our line items.

That is one of the problems I have had with them shifting it around in reprogrammings and why I think we need to say project by project, what is the estimate here, how much it is, if it is more than that, come back and ask for different appropriations for that project and let us determine whether that project is worth more.

Mr. **Early**. I think you are making an excellent point. They take it in one lump sum and they just kind of shift it around, and I don't think that is good policy.

Commodore **Kelley**. That could probably be done. What you would find is we are going to try to take care of these contingencies as we can and what we try to do with you is play absolutely straight. If we think it is going to cost $2 million five that is what we tell Congress. In some cases it goes over the 25 percent and we have to come back, but now we don't try to crank in any extra contingencies. We try to call it exactly the way it is.

General **Wright**. We don't have a blank check in the sense that it is a line item program, and if we exceed the 25 percent or $2 million, whichever is less, then we have to come back. So what we have asked for in discussion in the past, has been management flexibility to manage the programs within that flex—and I think Mr. Edwards has certainly been having trouble with that number as to where we should draw the line in terms of having to come back——

Mr. **Edwards**. I have some problem, as I said, with the whole concept of, as Joe points out, moving things from here to there internally. It is kind of like we are always talking about this as kind of a swear word—congressional add-ons. There is no such things as congressional add-ons. We appropriate. There are Pentagon add-ons. We are the ones who decide what you spend and where, and I think we have a little difference of opinion.

Mr. **Hefner**. Add-on originates over there. Somebody pushes to get it in the budget or program.

General **Wright**. That is a matter of perspective, I guess. I really believe our program is probably as tightly controlled by the Congress, our MCP, as any program I see come over here. I think you have probably more visibility into the execution than you do in many of the DOD accounts.

Mr. **Early**. If that is true, when this project was up in the floor, I would assume Chairman Hefner went up and said the Japanese project is authorized but there is no appropriation for it, so every member assumes it will come back for appropriation. Now, you are circumventing. We are never going to go to the floor and say wait a minute, we are going to finally pay for the project. You are in here asking for reprogramming where you are saying that you are not reprogramming from a project that you are canceling, reprogramming is supposed to come from projects that are either reduced or canceled. You are giving us that line there and saying you are taking it from savings to pay for this, savings to pay for B and B is going to be used to pay for C and Congress never sees that this project is paid for. I think that is wrong.

HOST NATION SUPPORT

Mr. **Hefner**. Joe, I will agree with you. That is one of the reasons we raised the real—not a stink about it, but you are probably right. If I had gone to the floor with this bill, with $5 million in there for a school in Japan, given the sentiment around here, someone, if they had looked at it very closely, would have probably knocked it out. We probably would not have gotten this school through the House. That is the reason that we did what we did and said okay in '86, because I don't want to go out there with everybody talking to me about textiles, and automobiles and say hey, good old boys over there, we want to build a school.

I understand, but at that time the average guy in the Congress who doesn't sit on this committee or—certainly I am not an expert on defense matters, I have some knowledge—to him it is building a school in Japan when you are cutting school lunch programs and all these other things, and he ain't going to understand and don't want to understand it. So we would lose some people. Come back in '86. Unless you get some agreements for the Japanese to fund them, I am afraid we are liable to be without it.

Commodore KELLEY. Colonel Falkenbach from the Marine Corps has input to some of the things the Japanese are doing.

Mr. HEFNER. I understand, and I appreciate that. I can appreciate that and this committee can appreciate that, but once we leave this subcommittee, we try to hold the line for you guys to do the things that need to be done to keep the heat off everybody, and that is the reason we get so upset around here, the last couple of days we have been hearing about being rolled around here. We don't want to be rolled and I think Mickey shares our concern and so does Mr. Early.

Mr. EDWARDS. I don't mind being rolled by the Democrats but I don't want to be rolled by the Pentagon.

Mr. HEFNER. I understand that. There is an old saying in North Carolina, "I can get on the wagon tongue and explain this to anybody," but there aren't enough wagon tongues in the climate that we are in now. I understand our working agreements with our trading partners and our allies, the Japanese, and Germans and all these folks. We get a little frustrated around here, you wouldn't believe it, we don't believe we get enough host nation support. There are some people around here who don't believe the German and Japanese and Koreans do their best, can you believe that? Folks on this committee don't believe we get enough host nation support.

Colonel FALKENBACH. I obviously can't contribute to the issue where the dollars should come from, I can speak as a customer and point out that this school is one community support element that is required to implement this initiative that we are talking about, a very important initiative to the Marine Corps, and one that I think if you get your numbers you will see is a very cost effective initiative.

What I am saying, the Japanese are building schools for us. We are out building other community support complexes and missing things we need, supplies to send our kids to school and that is hat he is trying to do. All I am asking you to look at is this particular initiative or project here in the broader context of where it fits in with the Marine Corps overall initiative to go from unaccompanied tours to accompanied tours. It is just one small part of the puzzle.

Mr. HEFNER. We do and we are.

Colonel FALKENBACH. Okay, sir.

Mr. **Hefner**. You have to realize that we have a problem around here and when you are dealing with—I don't mean this in a derogatory manner—this with tunnel vision, this is your interest, and you are looking at it and that is all that you are charged with doing. We here are charged with everything from soil conservation, REA, SBA, Farmer Home Administration, feeding programs for children, schools. So where you have got this one thing that you can concentrate on, but we mere mortals have to deal with the whole thing. I know where you are coming from.

Anybody else have any questions?

I have one for the Air Force.

FAMILY HOUSING RELOCATION, CONCRETE, NORTH DAKOTA

In Concrete, North Dakota, you are going to relocate 12 housing units. You are going to spend $34,000 each to relocate those houses. Why was this not requested as part of the normal budget request?

General **Wright**. The project started about two years ago. There are some 30 to 40 units located at Concrete, North Dakota, at the old Safeguard site. About two years ago, I think it was in the budget request, Mr. Chairman.

Mr. **Hefner**. Old buildings?

General **Wright**. They are 1,200 square feet and they were built in the mid-seventies with the Army Safeguard program. The old Safeguard program in North Dakota. The site was deactivated in the late seventies. These houses were built in the mid-seventies but the houses are still in very good condition. We have moved over 100 units in the past from Nekoma to Grand Forks Air Force Base in North Dakota. These we want to move to Concrete. I am not sure why or when or if it was submitted in earlier programs. I have to check that for accuracy.

Mr. **Hefner**. How far is that move?

General **Wright**. It is about 30 or 40 miles. We are getting the houses at about $75,000 or $80,000 per unit.

Mr. **Hefner**. You mean we don't own these?

General **Wright**. Yes, sir, we own them, but we are going to have to move them. We are going to have to do site preparation work and utilities work at the site.

Mr. **Hefner**. They are costing us, counting moving, about $70,000?

General **Wright**. Yes, sir, that is the complete cost of moving and opening the front door. Let me read here a minute, sir.

Mr. **Hefner**. That is about $60 a square foot?

General **Wright**. No, sir, I am sorry. The cost to move these houses is $34,500 each. I quoted you new construction cost—$75,000 to $80,000. I gave you a bad number.

Mr. **Hefner**. You are going to move them and——

General **Wright**. Yes, the cost to relocate them is $34,500 apiece.

Mr. **Hefner**. That is ready to live in?

General **Wright**. Yes, sir, that is ready to live in.

But I don't know whether that was submitted in an earlier program. I will have to answer that for the record.

[The information follows:]

The proposal to relocate the 12 housing units from the Nekoma ABM site to the Concrete MEWS site was initially submitted to Congress as a reprogramming request on April 12, 1983. Congress approved the reprogramming on May 25, 1983. The project was delayed due to a transfer of responsibility from one major command to another.

Bids were opened on November 5, 1984. The cost of relocation and site development was considerably higher than anticipated earlier. In the interim the funding authorization (FY 79) expired. This second reprogramming request was therefore necessary to proceed with the project.

Mr. HEFNER. Anybody have any more questions?

If not, I have some additional questions for the record. Then we will adjourn the hearing and the subcommittee will proceed with a meeting in closed session to mark up the reprogramming request, and following that, we will mark up the supplemental request for FY 1985.

[CLERK'S NOTE.—Questions submitted by Mr. Hefner are as follows:]

NAVY PROJECTS

Question. My understanding is that several of these projects have resulted in overruns as a result of the re-design that occurred prior to advertising the projects for bids. Is it a Navy policy to continue with advertising for bids even though the final estimate of cost is re-estimated to be higher than the appropriated amount?

Answer. The Navy's intent is to accomplish the work as authorized by Congress without going over the appropriated amount. Throughout the planning and design stages of an individual project, the project is evaluated at specific stages to ensure that it will produce a complete and useable facility and that it can be accomplished at a minimum cost. There are instances when the costs to accomplish the work are greater than the programmed amount. In these cases NAVFAC evaluates all the variables. With the decision to proceed the project can be escalated to 125 percent or $2 million whichever is less. Anything greater than that escalation goes to the committees for approval.

Question. What is the suspense date for making contract awards for each project?

Answer.

LOCATION	P-NO.	TITLE	BID OPEN	BID EXTENSIONS	CURRENT BID EXPIRATION DATE
1. MCAS CHERRY POINT, NC	P-865	TACTICAL SUPPORT VAN PADS	8 JAN 85	30 DAYS TO 8 MAY	7 JUN 85
2. PACIFIC MISSILE TEST CENTER POINT MUGU, CA	P-856	AIRFRAMES SHOP	5 DEC 84	30 DAYS TO 8 MAR; 30 DAYS TO 7 APR; 30 DAYS TO 7 MAY	7 JUN 85
3. MCAS, YUMA, AZ	P-390	MISSILE EQUIPMENT MAINTENANCE SHOP	19 DEC 84	30 DAYS TO 20 MAR; 30 DAYS TO 19 APR; 27 DAYS TO 15 MAY	21 MAY 85
4. MCAS, BEAUFORT, SC	P-321	MAINTENANCE HANGAR MODERNIZATION	10 JAN 84		NOT APPLICABLE
5. NAVAL HOSPITAL SAN DIEGO, CA	P-185	ACCESS ROADS	14 FEB 85	11 DAYS TO 26 APR; 7 DAYS TO 3 MAY	3 MAY 85
6. NAVY PUBLIC WORKS CENTER GUAM, MARIANA ISLANDS	P-169	VENTILATION IMPROVEMENTS	7 FEB 85	30 DAYS TO 8 MAY	8 MAY 85
7. NAS, MOFFET FIELD	P-802	RAILROAD DOCK	14 FEB 85	30 DAYS TO 15 MAY	15 MAY 85

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Question. Can the A-E be made liable for any of the project overruns?

Answer. The Navy intends to pursue A-E liability on the Beaufort Maintenance Hangar Modernization project. The other six projects have not been awarded to construction contractors yet.

Question. Explain the impact on each project if the reprogrammings is denied.

Answer.

Tactical Van Pads—Cherry Point

The project is on the critical path for full AV-8B introduction at Cherry Point. The vans are arriving now and have to be stored on aircraft parking aprons thus taking critical space where planes will park.

Airframes Shop—Point Mugu

The project will provide facilities for airframe maintenance on aircraft platforms that are used in support of weapons systems including Phoenix and Harpoon missiles. There is no FA-18 airframes support now. In FY '86 FA-18 support is required so completion of this project is critical.

Missile Equipment Maintenance Shop—Yuma

The project provides direct support for Hawk missile systems. Highly complex electronic maintenance work on the missile components is being done in tents. Any delay reduces the operational capability for these combat systems.

Maintenance Hangar Modernization—Beaufort

The project is on the critical path for the initial operating capability of the FA-18 aircraft at Beaufort.

Defense Access Roads—San Diego

When completed, the road complex will provide direct access to the hospital and the parking structure to be completed later this year. Current access via the heavily traveled Park Avenue thorugh the city owned Balboa Park will be stopped.

Ventilations Improvements—Guam

To comply with health and safety standards as required by OSHA, the project which provides ventilation to a paint spray booth must be completed.

Railroad Dock—Moffett Field

Completion of this facility is on the critical path for the Trident II missile. Project must be completed by December 1985.

Question. How do these projects rank in terms of importance with the FY 1986 projects at Tyndall AFB.

Answer. The three projects added to the FY '84 MILCON will provide facilities to support essential base functions of unaccompanied housing, education center and base support center. The FY '86 projects will provide adequate facilities for unaccompanied housing, operations and training functions that have been expanded or added to Tyndall AFB. All projects support valid requirements and are considered high priority projects

TYNDALL AFB, FLORIDA, VARIOUS PROJECTS

Question. The three new projects at Tyndall AFB were authorized in FY 1984 with savings. These projects were not funded at that time because of low design status. Language in the Conference report indicated that these projects should be submitted for funding when a sufficient design level had been reached. Why are these projects requested in a reprogramming as opposed to in either the FY 1985 or FY 1986 budget request?

Answer. These three projects and one other at Tyndall AFB were selected by the Air Force to be constructed by an alternative construction method, pursuant to the FY 1984 MILCON Committee reports. It was proposed to utilize a "construction management" firm to design and build the facilities. The committees were notified of this proposal in November, 1983. The proposal was not successful, however, because of legal problems in the procurement process. After the delay in the design process while this method was being attempted, the design effort was redirected to the normal channels in March, 1984. Design has proceeded on a normal basis since that time. All projects are scheduled for award prior to the end of FY 1985.

[CLERK'S NOTE.—End of questions submitted by Mr. Hefner.]

Mr. HEFNER. Thank you, gentleman.

WEDNESDAY, MAY 22, 1985.

1985 MILITARY CONSTRUCTION REPROGRAMMINGS

WITNESSES

ARMY

ALLEN M. CARTON, DEPUTY ASSISTANT CHIEF OF ENGINEERS FOR PLANNING, PROGRAMMING AND CONGRESSIONAL AFFAIRS, OFFICE OF THE ASSISTANT CHIEF OF ENGINEERS

BRIGADIER GENERAL RICHARD D. DEAN, U.S. DEPUTY DIRECTOR, ARMY NATIONAL GUARD

BRIGADIER GENERAL HARRY J. MOTT, III, USA, DEPUTY CHIEF, ARMY RESERVE

NAVY

CAPTAIN JON R. IVES, USN, ASSISTANT COMMANDER FOR CONSTRUCTION, NAVAL FACILITIES ENGINEERING COMMAND, DEPARTMENT OF THE NAVY

AIR FORCE

COLONEL JOE L. HICKS, USAF, CHIEF OF CONSTRUCTION DIVISION, DIRECTORATE OF ENGINEERING AND SERVICES, DEPARTMENT OF THE AIR FORCE

LIEUTENANT COLONEL ROBERT S. HAUSER, USAF, CHIEF, FACILITIES DIVISION, DIRECTOR OF HEALTH CARE SUPPORT, OFFICE OF THE SURGEON GENERAL

LIEUTENANT COLONEL WALTER L. GRAY, USAF, CHIEF, CIVIL ENGINEERING STAFF, AIR FORCE RESERVE

COLONEL FRANCIS A. DeMARTINO, USAF, CHIEF, PROGRAMS DIVISION DIRECTORATE OF ENGINEERING AND SERVICES, DEPARTMENT OF THE AIR FORCE

OSD

WILLIAM C. COONCE, DIRECTOR OF CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER

Mr. HEFNER. The subcommittee will come to order.

STATEMENT OF THE CHAIRMAN

Today the subcommittee will consider the reprogramming request of May 13, 1985 which asks permission to reprogram over $100 million for various projects for each Service. We have representatives here today from each Service and the Guard and Reserve. Since there are no formal statements, we will start with a few general questions, then go directly to questions for each Service, starting with the Army and then proceeding through the remainder of the request. Our principal witness today is Mr. William

C. Coonce, the head of the Military Construction Directorate in the Office of the Assistant Secretary of Defense, Comptroller.

Our intention is to move through by Service, so I will ask my questions and then yield to other members for their questions for each Service. We will cover the family housing requests at the time of the Service requests.

MILITARY CONSTRUCTION SAVINGS

Last week Secretary Weinberger discovered that "management savings and efficiencies" could be used to offset some of the proposed cuts for defense. Of the $4 billion offered up by the department, $269 million is to be saved from military construction.

Mr. Coonce, could you explain the process by which you came up with $269 million in available savings?

Mr. **Coonce**. I think all of us are familiar with the savings that have been accumulated in military construction accounts due to the favorable bidding climate in the past few years and to various other factors. In fact, in '83, '84, and '85 this committee has identified various projects to be funded from savings amounting to about $300 million a year. This committee's FY 1985 MILCON report had an extensive statement on savings and spoke in general terms about the situation that we have with military construction. In that statement it said that the committee anticipated substantial savings to be realized in '85.

In addition to that, as you know, we have had a substantial number of reprogrammings. Including reprogrammings in process, it is going to be half a billion dollars this year already in projects funded from savings of one kind or another, in addition to the savings that you identified during your remarks last year.

So what we see is just a continuation of the trend where people estimate what savings they are going to achieve. We develop estimates when the OSD Comptroller reviews the budget in coordination with OSD (MI&L), who is the program manager for MILCON concerning what potential savings are in the budget and can be identified at the time of budget submission. Subsequent to the budget submission, as the year is progressing, we have been able to identify some additional savings. Some of these savings go into reprogrammings such as those we are here to discuss today.

So, from our point of view, it is a continuing process. This is not to say that we don't have requirements to go against the savings—we do. We haven't estimated as closely as we would like because in the last three or four years, where the bidding climate has been so favorable, it has been hard for us to do calculations with the changing environment.

The savings, I think are acknowledged by everyone to be there. It is to some extent——

Mr. **Hefner**. I don't mean to be unkind or cynical, I certainly wouldn't want to do that, but I just wonder if we had maybe gone along with the complete request of the Administration, and even beyond the Senate, we would have found these savings. I wonder if the $4 billion would have shown up? It seems very convenient that we find $4 billion when it hits the fan, and we end up with $269 million in savings in military construction and during the hearings, we asked each Service to estimate the savings at hand.

The response was, Army had approximately $43 million, while Navy and Air Force had none. That is kind of curious to know. It makes it kind of tough for us when we are trying to get to the nitty-gritty, when everybody is destitute—especially the Air Force—my good friend Duke Wright is destitute, and here we find we have $200 million in those two Services.

Mr. **Coonce.** Well, there are $100 million of savings here today in this programming request. There are Army projects and Air Force projects. These are all being done with savings of one kind or another. It is just a matter of making an estimate on what savings are going to be. I guess when General Wright testified, maybe that was his best estimate.

Mr. **Hefner.** I am not accusing anyone.

IMPACT OF LOWER INFLATION RATES

The Services have found $109 million of these funds because "updated economic assumptions" have brought about lower inflation rates. Can we reduce the amounts requested in fiscal year 1986 because of lower inflation rates?

This budget that we are considering, we are using some very rosy economic assumptions. Is that going to play out in '86?

Mr. **Coonce.** I am not qualified to speak about the kind of inflation rates that are estimated. It is an arcane art that I am not totally familiar with. It appears, from what I hear, that there are substantial savings—what I read in the paper—resulting from some reductions in what people had originally planned for inflation. I see some indications from over here, Mr. Aspin and other people, saying that there are substantial savings even above what has been identified. It is not an exact art. They are estimates.

Mr. **Hefner.** When we considered the budget there were some numbers that we had floating around. There was maybe as much as $9 billion because of overestimations of inflation. Of course, we wanted to be on the safe side so we said we will take $4 billion. At this time, for the sake of saving some time, I will yield to the gentleman from Oklahoma for questions.

Mr. **Edwards.** I don't have any questions, Mr. Chairman, on this part of it. I think you are making some excellent points. We have tried very diligently to find out how much money is available, how much was in savings, and I was as surprised as you were to find the sudden discovery of additional money. We have been trying to make the point repeatedly in this subcommittee that some of the estimates for one reason or another prove to be really not much better than wild guesses, which is very disturbing to us.

I will wait and ask questions on the specific projects. I think the chairman has hit a point. I just hope that the people at OSD are beginning to understand that the situation is not as it has been, it is not ever going to go back to the way it once was—business as usual at the Pentagon. It is just going to change or there will be new people. I hope that message gets through.

The chairman, being a southern gentleman always asks the question in a very nice way, but you should know when he focuses on something like this, a lot of us who are not restrained by southern courtesy feel the same things just as strongly.

Mr. **Rudd**. Would you yield?

Mr. **Edwards**. Yes.

Mr. **Rudd**. You indicated you didn't know anything about inflation. As Comptroller, it seems to me you can't begin to do your job unless you know something about inflation.

Mr. **Coonce**. We have several people in the Department who are economists with PHD's and who look into exactly what inflation is or will be. In the part of the Comptroller's organization that I work in, I accept the overall rates provided by OMB. The country hasn't had, even at the top Administration levels, a good record of estimating exactly what inflation will be, and I can only speak for myself, I have personally made some poor investments not knowing what inflation would be. If I could prognosticate inflation, I would change my ways of doing things.

Mr. **Rudd**. Whatever you do with the budget, the first thing you do is take inflation into consideration.

Mr. **Coonce**. Yes, sir.

Mr. **Rudd**. You have to know something about it.

Mr. **Coonce**. Yes, sir.

Mr. **Rudd**. Whatever you say something is passed on to us and we have to believe it, I suppose.

Mr. **Coonce**. What I am saying is that inflation rates are passed to me as a—given. I do not estimate inflation for the Department even though I may have some understanding of inflation—the general theoretical background—but the exact estimate, the exact figures are left to other people, and in large part, OMB does it.

Mr. **Edwards**. Mr. Chairman, I just ask, since you are on the Budget Committee and I am not. I think one of the questions came not on whether or not it is possible to accurately predict what the inflation rate is going to be, but how it is that the same Administration when it is figuring the inflation rate comes up with different numbers when it is figuring the Pentagon budget than it does when it is figuring up other budgets. That is one of the things that confused us a little.

Mr. **Rudd**. Thank you.

Mr. **Hefner**. Well, it is just like there is a lot of rosy assumptions floating around in all these budgets. For instance, we, I guess the Senate and the House both, are using the assumptions that growth in GNP is going to be something like four or five percent and that if the first quarter of this year is any indication, it is going to be like two and a half percent. So that throws us off about $20 billion. Rather than having $56 billion deficit reduction, we are going to have $36. And if unemployment goes up one percent, that is another $30 billion. That puts us back to $6 billion. So we have got a rosy scenario. I haven't met her but—I yield to the gentleman from Alabama.

MILITARY CONSTRUCTION SAVINGS

Mr. **Bevill**. I am just not clear on this, Mr. Coonce. You are the Comptroller and you are telling us that, as I understand your testimony, $269 million came about. Over what period of time did the $269 million accumulate?

Mr. COONCE. I am not sure that the $269 is the correct number. I haven't seen the final numbers.

Mr. BEVILL. Who could we get to come before this committee and tell us what is there and what has happened to the money, and how it came about? Somebody should know and if the Comptroller doesn't know it really bothers me even more about the $269 million. I think that is what you are saying is that you don't know.

Mr. COONCE. I think the budget officer of the Department and the Comptroller of the Department——

Mr. BEVILL. Could you give us his name so we can get him to come over and tell us about the $269 million. You don't seem to be aware of how it came about and you even doubt that it is there.

Mr. COONCE. Mr. Glaister is the budget office and Mr. Helm is the Comptroller.

Mr. BEVILL. You are not the Comptroller? I thought you were.

Mr. COONCE. Absolutely not.

Mr. BEVILL. You are in the Office of the Comptroller?

Mr. COONCE. Yes, I am in the Office of the Comptroller.

Mr. BEVILL. So actually we need to get your boss over here, don't we?

Mr. EDWARDS. Shall we tell him you said to get him down here?

Mr. COONCE. No, I did not say that.

Mr. BEVILL. I don't ~~know why the~~y would send you if you don't know about it. That is odd, because we need to know the answers to these questions and we don't know any more about the $269 million, I can't tell any more about it since he started asking you all questions before you opened your mouth. I think it is very unfortunate, Mr. Chairman, I agree with the chairman, I think this is something that we need to look into, we need to know how these savings came about so that we can better know ourselves and keep better informed. We are not learning much from you.

That is all, Mr. Chairman.

Mr. HEFNER. We get these numbers from your office. I am assuming that is where we got the numbers?

Mr. MARINELLI. That is right.

Mr. HEFNER. And is it your opinion the money may not be there or is it a higher level? We don't have another E.F. Hutton on our hands, do we?

Mr. COONCE. I am not sure of the status of the $4 billion, of the exact——

Mr. HEFNER. Forget about the $4 billion, $269 million is what we are talking about.

Mr. COONCE. That is a piece of it. I am not sure exactly what the $4 billion is composed of, but I could see where savings would be generated and could be offered up, just from what I said originally. There are lots of savings in Milcon. We have $100 million on the table today. It doesn't appear to me that $269 million would be an off-the-wall estimate for military construction savings this year. Something like $500 million of reprogrammings either are here, already approved or in the process of being submitted. So it doesn't appear that $269 million would be an unlikely number.

Mr. HEFNER. I also have a series of questions for the record.

[CLERK'S NOTE.—Questions submitted by Mr. Hefner are as follows:]

Question. The Services are able to roll their annual appropriation construction together for execution purposes. In light of this, how is it possible for you to verify that this $269 million in savings actually exists?

Answer. The only military construction savings amount which has been formally identified as available to finance the FY 1986 program is $60 million within the NATO Infrastructure account, a Defense-Level program. This was specified in the Department's May 21 letter to Barry Goldwater, Chairman of the Senate Armed Services Committee, in which the Department's current budgetary savings position was discussed. The letter to Senator Goldwater was published in its entirety in the May 21 Congressional Record.

Earlier, the Department had considered an additional savings amount totaling $200 million within other military construction accounts as being potentially available to finance the FY 1986 program. However, it was determined that this amount would be duplicative of amounts earmarked by the Services to cover valid reprogramming needs. As a result, the $200 million was dropped from further consideration.

Question. Another $100 million can be saved apparently because of the good bidding environment in the construction industry. This conflicts with earlier testimony given by the Services that bids were running at nearly 100% of the government estimate. Can you explain this discrepancy?

Answer. The Department's savings amount formally identified to finance the FY 1986 Program is discussed in the previous answer.

Question. Of the $60 million taken from the NATO Infrastructure, $43 million is for currency gains, and $17 million is no longer required. Can you explain why this $17 million is no longer required?

Answer. There has been a temporary slowdown in program execution due to slippage in NATO approval of the first increment (Slice 36) of the new six-year Infrastructure program. Our budget estimate anticipated approval in December 1984 whereas approval did not take place until March 1985. As a result, the $17 million will not be required in FY 1985 and can be applied towards financing the FY 1986 program, thereby reducing our requirement for additional funds.

[CLERK'S NOTE.—End of questions submitted by Mr. Hefner.]

Mr. HEFNER. We will move to the Army now.

LAND ACQUISITION WHITE SANDS MISSILE RANGE, NEW MEXICO

Explain briefly why it is necessary to provide an additional $579,000 to complete the land acquisition project at White Sands Missile Range, New Mexico?

Mr. CARTON. Yes sir. The courts have ruled in two cases that the value of the property that we have acquired is higher than we had expected. The last decision that was made was on a case by an individual who contested the price and it drove us up over the point where it is necessary to come back to the committee.

As you may recall, the committee approved approximately $2 million for this project. The committee approved $2 million for this project, $2.1 million for the project back in the FY 80 program. The court cases finally came to a decision and as a result of rulings of the court, the costs have increased to the point where an additional $500,000 must be expended.

[CLERK'S NOTE.—Additional question submitted by Mr. Hefner is as follows:]

Question. Explain the basis for the 6% annual interest charge on this judgment.

Answer. The 6% interest on the deficiency is the rate proscribed in the Declaration of Taking Act, 40 U.S.C. § 258a.

[CLERK'S NOTE.—End of question submitted by Mr. Hefner.]

FAMILY HOUSING, ABERDEEN PROVING GROUNDS, MARYLAND

Mr. **HEFNER**. Explain the basis for the estimate of $70,000 per unit for the new housing project at Aberdeen Proving Grounds, Maryland.

Can you give me a description of what they are?

Mr. **CARTON**. Yes, sir. These are basically quarters for junior company grade officers, sir. They run in the area from 900 square feet for a two bedroom apartment to 1,350 for a four bedroom apartment. The cost per square foot is based on $43.56 per square foot. The cost for the apartment, for the house, is estimated at $52,360, with the supporting utilities, site preparation, and additional costs bringing the cost up to the total of $30 million for 439 units.

This was the amount approved by the Congress last year, as I recall, added by the authorization committee, and this committee directed that it be done as a reprogramming from savings, rather than being addressed in last year's budget.

Mr. **HEFNER**. Could you tell me how the Army was able to realize $23 million in savings in their family housing construction account?

Mr. **CARTON**. Yes, sir. This is a collection of the savings that we have accumulated from over five years, starting w[illegible]a million we have been able to clean up from 21 programs as th[illegible]ojects have been finally paid off and completed. From the [illegible]ogram, we have savings on two energy conservation investme[illegible]ojects that are still available, a total of $1.4 millon. Again fr[illegible]e '85 program, we took $7.7 million which the Congress dire[illegible]s to move from an improvement project at Aberdeen to the ne[illegible]nstruction. From the '84 program there was $11.6 million fr[illegible] series of projects, some of which were completed and a few we[illegible]elled.

In our energy conservation program, as we come [illegible]e point of actually getting ready to advertise the project, w[illegible]uired the command and the construction agent to review the [illegible]ted savings, the cost of the project. If the estimated savings [illegible]o longer amortize the project in the required time we do n[illegible]forward with the project. Over the years we have reported th[illegible]ings to you as they accrued. This is the compilation of everyt[illegible]e have left.

With this and another project which you directed us to do from savings at Fort Monmouth, we think we brought the family housing program down to a zero balance as far as savings is concerned. This, sir, is searching from '81 through '85, everthing that we had left on every project. We have the advantage of good bids in the last year.

Mr. HEFNER. Mr. Edwards.

Mr. EDWARDS. I don't have any questions. The same problem concerned me and the question I was going to ask, the chairman asked about how we ended up with $70,000 per unit. This is considerably higher than I think is justified.

Mr. CARTON. If we compete on the open market and our bids have been reasonably close to this. We have been slightly under in recent times, but this will be competitive.

Mr. EDWARDS. How many bids did you receive?

Mr. CARTON. We have not bid this job. Bids on similar projects in the United States——

Mr. EDWARDS. So it is an estimate based——

Mr. CARTON. Yes, sir. We will not go on the market until the committee approves the reprogramming.

UNIT COSTS FOR FAMILY HOUSING

Mr. HEFNER. If the gentleman will yield, the thing that bothers me is we get confused when we talk about a figure per square foot. If you go out in the private sector and you go to a housing development, you figure the square feet, of course you are taking in the lot, the sewage, the whole bit, and other projects we do are already on government property with the streets and water systems in and——

Mr. CARTON. No, sir, they are on government property but in a case like this, we are building the streets and water system as part of our cost.

Mr. HEFNER. In some areas we are not.

Mr. CARTON. Yes, sir.

Mr. HEFNER. Like your building complexes where you have got, and if you figure each unit, you wind up with a square foot cost comparable to a house in Bethesda or Chevy Chase or McLean someplace, and I know that is not your fault. We are going to have to do something in the next few years to make some modifications in some of the regulations or things that we do to get this cost down. I don't know how we are going do it. We are going to have to move in that direction because we are going to get to the point where we are not going to be able to do things for quality of life we want to do and I am concerned about that.

Mr. EDWARDS. If I could ask one question. Do you have any suggestions about what could be done to bring the cost of these units down? Is there anything in the design? You have been around a long time.

Mr. CARTON. I think in the design we are doing as well as we can. We have gone to the turnkey construction, asking the local market to produce what they are doing for other people, rather than designing our own houses and enforcing that standard on people. We have offered the option, and we will in this case, of factory built houses, as opposed to stick built houses, looking for the best opportunity.

We are bound by the statutes. I don't want to take a position on Davis-Bacon one way or another.

Mr. **Edwards**. We do.

Mr. **Carton**. It is a cost that the government pays for being the government. We are, we hope, careful buyers. We try to get a house that will last for a period of time because we are going to have to maintain this house for 50 years. It is not one that we are going to be able to walk away from.

We have been fortunate in the last few years, as these savings show, that the pressures of competition in the open market have done well for us. We have tried to take that into consideration and we are trying to get the utmost in competition because in the long run that is what drives our price down.

Almost every project that we do is competitively advertised and we have been very fortunate in the last year, one of the things that brings up savings is that the last year, last three years, our average number of bidders has risen to almost eight to ten bidders on a job from what used to be four to five in the bad years. We are getting good competition. We are producing savings. I really don't know what else we can do, sir, under the current circumstances.

Mr. **Edwards**. Thank you.

Mr. **Hefner**. You said $70,000 per unit. Some of these units are from 900 square feet?

Mr. **Carton**. Yes, sir.

Mr. **Hefner**. They don't cost $70,000?

Mr. **Carton**. Let me explain what is in the cost. If you start with the basic house, it is about $43 a square foot. But in the cost of a government house, we are paying, for example, for the telephone lines. We are paying for the water and sewer lines which in the local community would be paid for by the utility company. We are paying for the electric lines. We are paying for the roads that in the local community would be put in by the county or state. So that in addition to the cost per square foot, which I think is reasonable in comparison of the house itself, there is an additional 25 percent for the cost of the site preparation. This is much more than you would pay or that the average developer would pay for.

The telephone company will run a telephone into your house and recover its money over the years on the telephone fees on the telephones. We pay for the cost of running the telephone line into the house.

Mr. **Hefner**. Why is that?

Mr. **Carton**. Sir, because utilities on government installations are primarily owned by the government and in order to get the benefit of——

Mr. **Hefner**. Are they charged to another account for telephone lines and what have you? Are they charged to another account?

Mr. **Carton**. Communications costs are charged to us when we build a house. Any building that we build includes all of the supporting utilities that would normally be provided by a commercial utility system and of course, over the long run, the government makes money because it buys its electricity at a master meter rather than individual meters on each house. It does buy its water at the cheapest it can be bought because it is coming out of one stream rather than where the individual house owner pays his own meter.

Mr. **Hefner**. I am just doing a quick calculation, say 900 square feet. If you paid $60 a square foot it would only be $54,000. I have a little condominium in Concord that has 900 square feet. I paid $47,000 for it.

Mr. **Carton**. Yes, sir. Of course, some of these houses are 1350 square feet.

Mr. **Hefner**. Are they $70, too?

Mr. **Carton**. What we have done is use an average for all of them.

Mr. **Hefner**. Could you, for the committee, could you give us some numbers where we can do our own calculations, let us average it out?

Mr. **Carton**. Yes, sir.

Mr. **Hefner**. Can you do that?

Mr. **Carton**. Yes, sir. Could I provide it for the record?

Mr. **Hefner**. Yes, sir.

Mr. **Carton**. Be happy to.

[The information follows:]

The cost of each size dwelling unit is calculated like this:

a. Dwelling Unit Cost (Inside Five Foot Line)
Co shown below represent the cost of each size unit within the five foot line.

NUMBER OF UNITS	SIZE	X	PRICE	X	PROJECT FACTOR	=	COST OF UNIT($000)
158	950FT^2	X	$44/NSF	X	.99	=	$41,382
183	1,200FT^2	X	$44/NSF	X	.99	=	$52,272
98	1,350FT^2	X	$44/NSF	X	.99	=	$58,806

b. Solar Cost
Cost below represents the per dwelling unit cost for passive solar adjusted by the Area Cost Factor (ACF) for Aberdeen Proving Ground.

SOLAR COST/UNIT	X	ACF	=	TOTAL COST
$2,500	X	1.02	=	$2,550

c. Support Costs
Below are those items and the associated costs needed to support the housing outside the five foot line.

		($000)
(1)	Site preparation	$ 896
(2)	Road, walks and parking	708
(3)	Electricity	754
(4)	Off-site utilities	990
(5)	Water	378
(6)	Sanitary sewage	472
(7)	Storm drainage system	236
(8)	Landscaping	283
		$4,717

SUPPORT COST		ACF		SUBTOTAL	NO. UNITS		SUPPORT COST/UNIT
$4,717,000	X	1.02	=	$4,811,000	439	=	$10,960

d. Contract Cost
Costs shown below represent the contract cost of the housing. This cost includes the cost of the unit plus the cost of passive solar and the support cost.

SIZE	DWELLING UNITS COST	+	SOLAR	+	SUPPORT COST	=	TOTAL CONTRACT COST
950	$41,382	+	$2,550	+	$10,960	=	$ 54,892
1200	$52,272	+	$2,550	+	$10,960	=	$ 65,782
1350	$58,806	+	$2,550	+	$10,960	=	$ 72,316

e. Total Unit Cost
Costs shown below represent the total cost for each size unit. This cost includes the contract cost plus a 5 percent contingency and a 5.5 percent supervision, inspection and overhead (SIOH) cost.

SIZE UNIT	TOTAL CONTRACT COST	X	CONTINGENCY	X	SIOH	=	TOTAL REQUEST
950FT^2	$54,892	X	1.05	X	1.055	=	$60,807
1,200FT^2	$65,782	X	1.05	X	1.055	=	$72,870
1,350FT^2	$72,316	X	1.05	X	1.055	=	$80,108

f. Summary
Below is a summary showing the number of units for the various sizes and the associated total cost.

SIZE	NO. UNITS		TOTAL UNIT COST		TOTAL
950FT^2	158	X	$60,807	=	$ 9,607,506
1,200FT^2	183	X	$72,870	=	$13,335,210
1,350FT^2	98	X	$80,108	=	$ 7,850,584
	439				$30,793,300

NOTE: $30,793,300 exceeds actual project request of $30,792,000 due to rounding off.

Average cost per unit = $30,792,000 439 units = $70,141.

Mr. HEFNER. Mr. Bevill.

Mr. BEVILL. No questions.

Mr. HEFNER. Mr. Early.

Mr. EARLY. No questions.

Mr. HEFNER. Mr. Rudd.

STANDARDS FOR FAMILY HOUSING

Mr. RUDD. On the house construction part again——

Mr. CARTON. Yes, sir.

Mr. RUDD. In Arizona, we have been on a development house construction roll for several years because of the tremendous influx of population and you can buy any kind of a house out there that you want for any price you want to pay. But the competition has been great and we have 900 square foot houses that go from $37,000, that are put up in rows and tracts and things like that, and the same company might build another house for $120,000 by installing a lot of different things that go with it.

But my question really comes down to what your goals are and, I guess, when you get into competition and advertising. I don't know how you do that either. I would like to know whether you advertise in trade journals or whatever you do there, but the competition that you ask for is for some kind of house that you may have had in mind for the last 20 or 30 years and I am wondering how you go about all this and whether or not it would be feasible to establish a task force which would decide on how little you could get by with and just how much frosting you really need, and then devise a goal, and from that, ask for competitive bids on the kind of house that would actually do the job without a lot of frosting that you might not need. How do you go about it?

Mr. CARTON. That is what we have tried to do. We do not design a house and put it on the market and ask how much does it cost to build this? What we do is set the standard of the house that we would like. We look at the number of square feet, we meet the national energy criteria, and we look for the material that will be maintainable for the next 50 years and that we will use to maintain this house. We set the standards and publish them and say we would like an offer on a house that will meet this, so come in with your own design.

If you are a builder of a manufactured house, factory built house, come in with your own design. We will review the design. It is a cost and quality review, and from that, we will make a selection. We have had some manufactured houses built at Fort Irwin, California, that have been very satisfactory. We have had some, but most of our houses have been stick built because the manufacturing organization, family housing construction people, are still primarily stick builders rather than manufactured houses.

We do put in a number of things. For example, there is in this estimate about a million dollars for these 30 houses for passive solar energy with the intent of again following the national policy of reducing energy consumption for the life of the houses as much as possible. We do pay for it as part of such things as the refrigerator, washer, and dishwasher. We do ask for a certain amount of landscaping. People are going to be living there and we do put in top lots.

Generally we think we are getting a good house at a reasonable price. We could do it cheaper possibly. But we are still correcting the mistakes of some of the cheap housing we bought 30 years ago and 40 years ago. We honestly think we are doing a pretty good job on this, sir.

Mr. **Rudd**. Well, it has to be a day-to-day thing because everything changes. I am not trying to impose my ideas, I am trying to find the best way to go. After World War II there was a company that got into the house construction business and they had metal siding and a modular form they could put together with heavy insulation between the walls. It was a—I don't know how to say it—it was a permanently coated wall.

Mr. **Carton**. Yes sir.

Mr. **Rudd**. That would never require paint. A little brush and some water. And it sold pretty well at that time for people who were limited in funds but it was comfortable and it would last a long time, or two lifetimes, 50 years anyway. But it did not require a lot of upkeep. The panels that went into it, you could get in and do what you had to do with electrical wiring and lighting and plumbing and anything else that you had to do. It was something that you could put up anywhere in any climate, as a modular home, which could be very comfortable, and people who lived in it could design what they wanted to do with it to make it more acceptable visually and otherwise in a comfortable way to suit their own purposes.

I am not trying to say that that is the way you should go. I am saying this is an idea that was pretty good at the time, but people become a little more personalized in what they wanted in the way of a home. That home went off the market because it didn't really measure up. It didn't look like it was something that was acceptable to my personality, for example, and a home does have a personality for the family that is going to live in it for a long time. Maybe those ideas are good. I don't know whether they are or not, or whether you even thought about things like that.

Mr. **Carton**. The Housing and Urban Development Department has done, or did some years ago, quite a bit of research on that type of house. I think they did some experimental construction.

What we have tried to do is provide a specification and a bid package that says come to us with your good ideas. There are certain standards that we want, we want indoor plumbing, we want the amenities of life, but we are not specifying the material it should be made of. We are saying give us a material that meets the energy criteria and that can be used and maintained over the years.

Really, there does not seem to be any major change in conventional housing construction. We are getting the type of house that is built in the local neighborhood. We are still looking for improvements because we have got more houses to build and we want the best we can and we understand the budget limitations.

Mr. **Rudd**. I don't want to belabor that. I know, as the chairman has pointed out, something has to be done or we can't continue. My question is only that are you increasing the size and operation of the Aberdeen Proving Grounds, on this 439 houses, is this replacement?

Mr. CARTON. This is a replacement. Basically, these are replacements for some houses in a very poor condition area known as Chesapeake Gardens. It is an addition to replace rather than to try to restore these.

Mr. RUDD. Thank you very much.

Thank you, Mr. Chairman.

Mr. HEFNER. Thank you.

Gentlemen, I must apologize to General Dean and General Mott. We are not going to get to the Guard and Reserve until we get through the Navy and Air Force, so Mr. Alexander, I overlooked him and he walked out. He had a question for Mr. Coonce, I think.

Mr. ALEXANDER. Thank you, Mr. Chairman. We had more than one hand playing.

Mr. Coonce, I apologize for not being present a minute ago when you testified and I would like to ask you to submit to the committee an accounting of the $269 million to designate specifically where it is or where it is not, and I would like to have it this week.

Mr. COONCE. All right.

Mr. ALEXANDER. Thank you.

Mr. HEFNER. If there are no more questions for the Army, we will move to the Navy.

ENERGY IMPROVEMENTS, NH MILLINGTON, TENNESSEE

Mr. HEFNER. Captain, do you feel that two bids are adequate to warrant sufficient competition on the energy improvements project at NH Millington, Tennessee?

What is the economic payback for the project at its new price?

Captain IVES. Mr. Chairman, normally we would prefer to have more than two bids. However, this is fairly specialized work. It is basically heating, ventilating and air conditioning work with some fairly sophisticated controls associated with it. It is what is called a variable air volume system. We made quite an effort in order to generate interest in the project. We did a pre-bid survey to attempt to interest firms.

It turns out there are only about three firms in the local area who do this type of controls work. However, we also sent out, in the course of advertising this project, over 120 sets of plans and specs in an attempt to interest additional firms in the project. I would point out that the project is relatively small in size and because it is specialized in nature, the fact that we have got two bids that are very close—they are within two percent of one another—we feel that the competition, while somewhat restricted, is adequate and there would be no advantage in readvertising in an attempt to develop more. The project is just too small and too specialized to hope for that.

Mr. HEFNER. Where is Millington, Tennessee?

Captain IVES. That is near Memphis, sir.

Mr. HEFNER. Any other questions for the Navy?

Mr. Edwards.

Mr. EDWARDS. No.

Mr. HEFNER. Mr. Bevill.

Mr. **Bevill**. No.

Mr. **Hefner**. Mr. Early.

Mr. **Early**. No.

Mr. **Bevill**. Mr. Alexander.

Mr. **Alexander**. No.

Captain **Ives**. If you will excuse me, I didn't answer the second part of the question.

Mr. **Hefner**. I am sorry.

Captain **Ives**. It slipped from my mind.

The payback on this project, although the price has increased, the payback is still very attractive. It will pay back on a discounted payback basis within 2.4 years, so even at its increased price it is a very attractive project economically.

Mr. **Hefner**. Thank you, sir.

COMPETITIVE BIDDING

Mr. **Rudd**. Mr. Chairman, I am going to submit a detailed question on competitive bidding to the Army for Mr. Carton.

Mr. **Hefner**. Without objection.

[Clerk's note.—Questions submitted by Mr. Rudd are as follows:]

Question. What exact steps are taken to advertise for solicitation of competitive bidding in the construction of military family housing?

Answer. The Army advertises in the Commerce Business Daily for firms interested in submitting proposals to design and construct military family housing at a designated installation.

Question. Do these steps provide incentive for competitive bidding from smaller construction companies and contractors?

Answer. Requests for Proposals are solicited through the Commerce Business Daily to all interested parties, small contracting firms are welcomed to submit proposals. However, the Army makes no special concessions to smaller construction companies and contractors.

Question. For military construction purposes, how long a period is provided for bids to be received before closing the solicitation?

Answer. Normally, solicitations are requested to be received within six to eight weeks from the time of advertisement in the Commerce Business Daily. If one proposer requests an extension, it is granted for all proposers.

Question. Is there a minimum number of bids which have to be received before biding is closed?

Answer. There is no minimum number of bids required to be received prior to closing bids. We normally receive four to over twenty proposals from an advertisement placed in the Commerce Business Daily.

Question. If only two bids are received, is it standard policy to go to both bidders and ask for "best final offer"?

Answer. Yes, it would be normal policy to approach the two bidders, after a technical evaluation of both proposals had been made, and inquire about their "best and final offer."

Question. Does DOD use HUD housing construction studies and criteria when formulating housing requirements? If not, why doesn't DOD use this criteria since it already exists and is used in many HUD programs, including Section 8 housing?

Answer. Yes, as directed by the Congress, the Army must permit competitive bidding by the Manufactured Housing Industry, the Factory Built Housing Industry and the conventional on-site "Stick-Built" Housing Industry. The criteria and standards that govern procurement of Army family housing construction projects, as referenced in our Request for Proposals, are as follows:

Title 24-HUD, Part 3280, Single Story Housing Units

HUD 4900, Minimum Property Standards, One and Two Family Dwellings

HUD 4910, Minimum Property Standards, Multi-family Housing

HUD 4930.1, Minimum Property Standards, Design/Construction Practices

HUD 4940.2, Minimum Property Standards, Water Supply System

HUD 4940.3, Minimum Property Standards, Sanitary Sewer System

HUD 4900.1 and 4930.1, Minimum Property Standards, Storm Drainage System

HUD 4900.1 and 4390.1, Minimum Property Standards, Grading

IEEE Standards, NESC, ANSI C2 and NFPA 70, Electrical Distribution System

ASHRAE Handbooks, NFPA and SMACNA, Interior Mechanical

National Plumbing Code, Federal Specification WW-P-541, Interior Plumbing

[CLERK'S NOTE. End of questions submitted by Mr. Rudd.]

Mr. HEFNER. Good morning, gentlemen.

SAFETY IMPROVEMENTS, KIRTLAND AFB, NEW MEXICO

The justification indicates a need to correct serious life safety deficiencies at the composite medical facility at Kirtland Air Force Base. Why wasn't this project included in the fiscal year 1986 budget if it was considered so critical?

Colonel HICKS. I will answer the question in three parts, and I would ask Colonel DeMartino to help me out on the '86 issue.

As I understand it, the reason it was not included in the fiscal year 1986 budget is because it is an emergency——

Mr. HEFNER. Because of what?

Colonel HICKS. Because it is an emergency project and therefore it didn't follow the normal sequence of an MCP project budget request.

Mr. HEFNER. Then I am going to get my answer to the——

Colonel DEMARTINO. We do have a major project for the Kirtland Hospital presently in the '87 budget program that we have just put together and sent to OSD.

In developing that project we had the medical folks and the people that certify hospitals look at the Kirtland Hospital to see what needs to be done. Subsequently, it became very apparent that we had major problems that needed to be addressed before 1987 in the area of life safety and, as Colonel Hicks said, we put a two phase program in to take care of the immediate life saving issues and major programs to alter the Kirtland Hospital in '87.

Mr. HEFNER. I don't think you answered my question. How long have you been aware of these deficiencies, that is the question. If you are aware, when were you aware of it? If it was that critical, why wasn't it in the '86 budget?

Colonel DEMARTINO. Sir, we became aware of it last fall. Why wasn't it in the '86 budget? Because we were not prepared from a planning and design standpoint.

Mr. HEFNER. Where are you on design now?

Colonel HICKS. At zero percent. We have not started the design. The AE contract was let two days ago.

Mr. HEFNER. Well now, even though sometimes it is not an iron clad policy about design status around here, you have got a project that is critical. You were aware of it last fall, you didn't request it for the '86 budget because you didn't have the design, and now we have got a request for reprogramming with design status at zero. That puts us in, or I think it puts us in, a kind of embarrassing position.

Mr. Edwards is probably embarrassed. I am very liberal. If it is critical, you knew about it, to put it in, rather than come in because a lot of people that have things that won't need to be done I am assuming that is our policy, isn't it?

Mr. MARINELLI. Thirty-five percent.

Colonel HICKS. I would like to address that, if I could. I think this committee is aware of the emergency project that we had at Tinker Air Force Base when a building burned and we moved very, very swiftly on that, because we actually had embers and twisted steel. On this project we did not have a building burn, but we are looking at what might happen to the folks in casts and pregnant ladies inside of the hospital if there were a fire, and, therefore, these are valid life safety deficiencies.

You can appreciate perhaps that within our bureaucracy there is a lot of review on our projects. This project is slow moving, and we are only now coming to you because at every step of the way everybody has asked the same questions. We have so far overcome those hurdles, and everybody has been convinced, although the review and approval process is slow, that yes, this is a real emergency in spite of the fact that we have been slow. I think what we have before you on the table is an emergency project that dare not be deferred to a future fiscal year.

Mr. HEFNER. Mr. Edwards.

Mr. EDWARDS. Well, I understand the critical need. I think perhaps it is engaging in a little bit of the rhetoric we engage in when you start talking about pregnant women and people in casts. We understand it is a hospital and we understand that there may be an emergency need. What I don't understand is two things. Number one, this is a fairly old building. You have been in there nearly 30 years, right?

Colonel HICKS. Yes sir, since 1972, when we took it over from the Army.

Mr. EDWARDS. I would think that being a hospital, there should be some fairly regular maintenance and attention paid to the safety conditions and attempts to rapidly catch any safety deficiencies. I am not certain how all of a sudden you discovered the deficiencies that should have been discovered a long time ago.

How would you justify the fact that you did not know about these things, these problems coming up in time that we could have corrected them in the regular process?

Colonel **Hicks**. Sir, I think the answer revolves around the fact that this project was identified and the element of the project have been identified for several years and as that project competed with the rest of the Air Force projects, it was not identified well enough and the critical need was not brought to our attention well enough so that it made the total program.

It was when the Air Force Reservists—correction, the retired folks in the Albuquerque community brought it to the attention of the Congress, and to the attention of Mr. Weinberger, at that point this critical need came to the forefront.

If I could, I would like to expand a little bit on those answers.

The deficiencies that exist in that facility have been around, that is obvious, but to put them in one place at one time and to gather the extent and the severity of that, happened last summer when the new administrator, new commander, realized that there was more to it than what had been in bits and pieces.

We contracted for a firm who are experts in fire and life safety. They did a study, and they provided that to the Air Force in October—this past fall—and as a result of that, we were able to understand the extent and severity, and what it takes to fix the problems in that facility. It was at that point we realized the seriousness of that situation at that installation.

Mr. **Edwards**. It sounds to me like I have heard two answers, one of them now that it is an urgent thing. I don't question its urgency, you don't play around with hospitals. But you have known about some of these things and have apparently attempted to get, whether it was at the Air Force level or OSD, attempted to get some of these things in budget requests previously, and the decision was made in the total Air Force budget that that wasn't high enough priority, is that right? The decision?

Colonel **DeMartino**. No, Mr. Edwards. Across the Air Force medical program we have very close to a billion dollars of hospital improvements. Kirtland is in that billion dollars in '86 through '91. Obviously we can't get to all of them in one fiscal year. The sequence that Colonel Hauser and Colonel Hicks are talking about is in fact the hospital administrator became very concerned. When the new hospital administrator went down there he asked for and was granted permission to do a study. The folks in the retired community found out about this study and they have got a good working relationship with the base—the retired community. And again looking at the severity of the situation, they thought that it was more than just routine and reported to Mr. Weinberger, as well as to the Congressman from New Mexico.

Mr. **Edwards**. Correct me if I am wrong, now, you are maintaining that this is a very severe problem. From what I see, I assume it is a very severe problem, but it wasn't in fact, as all these things accumulated, it wasn't something that the Air Force picked up. You got somebody else in there that said we have ignored this, we haven't seen it. And didn't it go to Congressman Lujan? He then had to raise hell a little bit and say look——

Colonel **DeMartino**. No. Well, I should say yes and no. We have the project in the '87 program. It was in our '86 program. During that sequence of events, what became apparent was that there is a portion of that work we had planned to do that had to be accelerated. That is what we are asking for today.

Mr. **Edwards**. So you are saying this is a portion of it and you are going to be coming back for more funding?

Colonel **DeMartino**. Yes, a major project in '87.

Mr. **Hefner**. This is a little funny. I understand it is critical here. You are saying to me that you had retired community people not on a day to day basis in the hospital, like Air Force and the administrator and people coming in and picking up on this and saying this is critical and all of a sudden, your Air Force and people on duty say this is a problem. Then you come in here and tell us it is critical, you have to have all this money. That is not a very good story.

Colonel **DeMartino**. No.

Mr. **Hefner**. When you say that the retired community around there is the one that put the pressure on that——

Colonel **DeMartino**. That is actually true. They did put the pressure on. Our medical people and Colonel Hauser's people and the Surgeon General's Office were well aware after the study was done. Colonel Hauser did bring it to our attention.

We had to go back and break out, we are still in the process, we are still in the process of breaking out what we needed.

Mr. **Hefner**. We are going to go vote.

The committee stands adjourned.

[A short recess was taken.]

Mr. **Hefner**. The committee will come forward.

AIR FORCE MILITARY CONSTRUCTION SAVINGS

We are going to have to try to move ahead. We have got the budget on the floor. I am on the Budget Committee and we don't want to skimp here, we have to try to expedite things as much as we possibly can. I think we have pretty much hatched out deficiencies, unless there are other questions.

The Air Force has just offered up $97 million of its previously appropriated military construction funds as part of the $4 billion Mr. Weinberger found in the Pentagon's coffers. Does the Air Force have an additional $30 million in savings to fund this request?

Colonel **Hicks**. I would like to answer that question. We did not provide the figures to OSD so we are unaware of where the $94 million in savings lies. We testified to this committee earlier in the year, we testified as you mentioned, that General Wright had no savings in the '85 program and at that time, we knew that this reprogramming was scheduled. In fact, we have known that since about this time last year when we took the previous cut in '84. So that money was already set aside to be reprogrammed for this planning and design request so that we can try to get the projects designed and get them constructed.

Mr. **Hefner**. I have some other questions. We will make them a part of the record.

Are there further questions of the Air Force?

Mr. **Rudd**. I don't have any.

Mr. **Hefner**. Mr. Alexander had some questions but he is not here. You gentlemen are going to be around.

[Clerk's note.—Additional questions submitted by Mr. Hefner are as follows:]

AIR FORCE PLANNING AND DESIGN

Question. How much of this request is to fund planning and design of FY88 projects?

Answer. If we received these funds, we would obligate $748,000 to continue design on FY88 projects which were in 87. This would prevent construction costs growth because better designs would be produced by allowing design to proceed without a disruptive break. No other FY88 projects would be designed with this request.

Question. Last year the Committee approved a reprogramming for $20M for planning and design and made a reduction of the same amount to the FY85 planning and design account. Why is an additional $30M now required?

Answer. The approval of $20M and subsequent reduction of the FY85 request resulted in a net gain of zero dollars. The additional $30M is needed because the appropriated amounts for FY85 are not adequate to allow us complete design on the FY86 program of $1.937M, go to 35% on FY87 program of $2.073M plus design $70M of projects which were reprogrammed. In addition, in FY85 we spent $4.5M to complete design on FY85 and prior year projects which had to be redesigned for various reasons.

FAMILY HOUSING—OPERATIONS

Question. Explain why an additonal $1.7 million is necessary to pay accommodations charges to the U.K. for housing units.

Answer. The FY 85 Budget Estimate did not reflect all items which are properly funded from the miscellaneous account. Our request for FY 85 totalled $1,659,000. Our estimate of funding required at this time is $2,914,000. A complete list of all items requiring funding can be supplied upon request. The highlights of the account are as follows: our original request of $1,659,000 contained $1,378,000 for accommodation charges in the U.K. With units coming into the inventory faster than expected, funding for U.K. accommodation charges now totals $1,667,000. As testified during the FY 85 budget hearings, our request did not include $415,000 for accommodation charges in Germany. The FY 85 Budget was submitted before Congress has approved payment of those charges. Current estimate of those charges in FY 85 is $331,000.

After finalization of the FY 85 figures, one command changed accounting for houses owned by the Coast Guard but occupied by Air Force personnel ($325,000), from operations and maintenance to miscellaneous where it more properly belongs. The balance of funds needed for miscellaneous ($591,000) is for items such as payments in lieu of rates i.e., payments for services actually received, warehouse rental, trailor hook-ups, and other similar items.

Question. How much does the U.S. pay per month on the average for these charges?

Answer. The U.S. is paying $1,667,000 for accommodation charges on 2,200 family housing units. This amounts to an average of $63 per unit per month. This is one-half the cost paid prior to renegotiating the accommodation charges with the U.K. Government.

FAMILY HOUSING—MAINTENANCE

Question. The Air Force has found $16 million to be available from its leasing account. Explain your inability to execute the leases on schedule.

Answer. The Air Force estimates that the leasing account will have $16,155,000 in unexpended funds by the end of the fiscal year. The majority of these unexpended funds, approximately $12 million, are savings that will be realized from foreign currency rate changes. The remaining unexpended funds will result from deferring or delaying 560 leases at six locations in Germany, England and Spain. Congressional approval for 438 of these leases has been obtained but will not require FY 85 funds. The remaining 122 leases have been delayed because of contract problems or the requirements have been deleted. The FY 85 budget request for leasing was reduced to only $48.1 million reflecting the more favorable foreign currency rates and past delays.

Question. Which specific projects planned for Spain, Turkey, Germany and the U.K. were unexecuted and why?

Answer. In Germany a total of 146 new leases were planned; 72 at Hessish-Oldendorf and 74 at a site near Ramstein AB. The requirement at Hessish-Oldendorf was deleted and the lease authorizations transferred. Congress approved the Title 10 for a 68 unit build/lease at the site near Ramstein in March 1985. Remaining lease authorizations will be transferred.

In the U.K. a total of 364 new leases were planned; 295 at RAF Alconbury; 13 at RAF Bentwaters; and 56 at RAF Upper Heyford. These projects were delayed but Title 10's were approved in May 1985. No lease payments are anticipated in FY 85.

In Spain the Air Force is attempting to replace an existing 858 unit leased complex with a new build/lease project. Fifty of the total 800 units were to be occupied in FY 85. The Air Force selected a contractor for this project in 1984, but contractor financial difficulties prevented contract execution. This project is currently being readvertised.

No new leases were projected in Turkey for FY 85.

[CLERK'S NOTE. End of questions submitted by Mr. Hefner.]

ARMY NATIONAL GUARD REPROGRAMMING

Mr. HEFNER. Now, we will ask for the Army National Guard.

I would like to discuss with you the general policy of reprogramming of Army National Guard projects. For the last several years, the Guard has requested reprogrammings that advance certain projects by using previously appropriated project funds. All of the ten projects in this reprogramming are budgeted for fiscal year 1986. You are asking that they be accelerated and paid for with FY

85 funded projects. Would you not agree that this type of procedure essentially circumvents the congressional line item process and creates a de facto lump sum appropriation?

General **DEAN**. No, sir, I don't believe that it does. It is done by a line item. However, we have constraints in that the states must come up with the design money and do their portion of it before we can allow construction to start. Some states do this very well, some, because of the way the legislature is constituted, take longer to get their drawings to the point where we can allow them to go to bid.

The money that we are asking for in '86 to be advanced is '85 money put into '86 so it will be a—I will use the word flip-flop for lack of a better definition. We are spending the same amount of money, however, we are using it on projects that are currently ready to go to bid.

One of the reasons that we will need to do this is that in '83 we requested reprogramming between $20 and $22 million, which was not allowed. At that time the bidding climate allowed us to save about 20 percent on our projects. In '84 we came in for close to $15 million which was requested to give us a little leeway for some of those projects that fell through. Eleven million dollars was approved at that time. The building projection was savings of about ten percent. Therefore, the projects that we could not do in '83, that were done in '84, were ten percent higher or about, an additional cost of a million dollars.

We feel by advancing these projects from '86 to '85, we will be able to take advantage of this climate and this one is not as good as last year. At the present time it is 2.8 percent below estimate on projects. We can anticipate, if the economy continues to improve, that we will then be at budget or somewhat above that next year and that is one of the reasons for us to use the money in the most beneficial way.

Mr. **BEVILL**. Most of this would be inflation, wouldn't it, General?

General **DEAN**. Sir, some of it is inflation. I think a difference in the bid climate—I think it has been referenced by other witnesses here—that we have a case in previous years where we had contractors who needed work and they were willing to work at whatever it is, but something less than they had worked for in the preceding year.

Mr. **BEVILL**. If the subcommittee decided to move '87 up to '85 that same thing would apply to that, that would result in savings also, wouldn't it?

General **DEAN**. Yes, sir. If the project was ready and if there is sufficient money, right now we don't have any money from '85 to move into '87 other than the amount we have already identified. We only have savings of $140,000.

Mr. **BEVILL**. If the subcommittee can find the money and move them up and expedite them the same things would hold true in that?

General **DEAN**. Yes, sir.

Mr. **BEVILL**. And it would be a savings?

General **DEAN**. Yes, sir, based on today's market, yes, sir.

Mr. **BEVILL**. Explain why you cannot execute the projects that are approved by Congress in the year they are funded?

General **Dean**. Yes, sir. Going back to my former statement, that the design work on state projects is done at the state level, 25 percent of the funding comes from the state. Some states have the money available from funds that they have set up to handle this, others have to meet and appropriate the money for the design and construction at the appropriation. Until that is done, the state cannot do their portion of the design work. Therefore, we can't give them this 75 percent from the Federal Government.

Mr. **Bevill**. They have to be ready with the 25 percent?

General **Dean**. Yes, sir.

Mr. **Bevill**. Under the preliminary work and all, and have 25 percent ready?

General **Dean**. Yes sir, and then we come up and say here is our 75 percent. We have introduced in another forum a request to allow the National Guard to fund 100 percent of the design work initially, and then that is paid back by the state at the time construction starts. In effect, it is not paid back, but the result is the project is finished, it is 75-25 at the end.

This will give us anywhere from a year to 18 months advance on the time at which we can allow the state to begin the design, because we have the money available, and I think this program is working as far as we are getting ahead of where we were in '83. We are further—I use the word "power curve"—we are further advanced in our design phase now than we were last year. Before the end of '84 we obligated 100 percent of our design money. This year, we want to authorize design contracts for '87 and '88 projects as soon as we can. This will give those states that are ready the chance to get the drawings ready. The projects that we are requesting to be advanced are the states that have drawings completed and on the shelf; 100 percent ready to build.

Mr. **Bevill**. If we move these projects, are you assuming that the funds used as a source will be replaced by the Congress in the fiscal year 1986 appropriation bill?

General **Dean**. Certainly sir, the money from '85 would fund the '86 projects. This is a bookkeeping adjustment and the money from '86 would fund the '85 projects; but still a line item authorization——

Mr. **Bevill**. Has the State of Massachusetts agreed to give up the $5.2 million provided in FY 84 to fund seven of the ten projects requested?

General **Dean**. The Adjutant General has told me that he concurs. I do not know whether he has talked to anyone else or not. I talked to him last Thursday.

Mr. **Bevill**. Has the State of Oklahoma agreed to defer $900,000 for Holdenville Armory for the purposes of advancing a project in Beardstown, Illinois?

General **Dean**. Sir, I don't know that we can say this is for Beardstown, they have agreed it is all right. They are not ready. They understand it and they are prepared to build it next year.

Mr. **Bevill**. On each of the last two questions you may want to expand on those answers.

General **Dean**. Yes sir, for the record.

Mr. **Bevill**. Yes, sir.

General **Dean**. Yes, sir.

[The information follows:]

Recallocation of funds appropriated for specific projects to new projects requested by this reprograming action was discussed in general terms with the respective States. The citing of specific source of funds for each requested project fulfills both Congressional and OSD guidelines. In the citation of source of funds, we attempted to maintain the same apportionment of the funds; that is, an armory for an armory or non-armory for non-armory project. We also attemped to match dollar levels for each line item project. To answer your question; no, the State of Oklahoma did not agree to defer the Holdenville Armory for the specific purpose of advancing the Beardstown, Illinois project. However, the State did agree with the deferral of the Holdenville Armory and permitted the National Guard Bureau to select and candidate project to be advanced. The same condition prevails for the Massachusetts projects.

Mr. BEVILL. Any others?

Mr. HEFNER. We will put the others in for the record and we will go to the Reserve.

[CLERK'S NOTE.—Additional questions submitted by Mr. Hefner are as follows:]

Question. How much in terms of savings is currently available in the Army Guard account?

Answer. Current accrued saving from appropriations made for fiscal years 1981 thru 1984 total $6.016 million, including the $3.609 million requested to be reprogramed for planning and design. The remainder, $2.407 million represents uncommitted funds reserved for supplemental agreements, change orders or other contingencies necessary to complete work in progress.

Question. Do the respective states understand that, given the current budget environment, there is absolutely no assurance that deferred projects will be funded in fiscal year 1986?

Answer. I don't know if the respective state officials completely understand the significance underlying this question; however, I am quite sure they are award that there is no absolute assurance that reductions by line item projects to our program request will not be directed by any of the four congressional committees having oversight responsibilities for our construction program. We will contact each state specifically on this point.

Question. You indicate in the justification that the planning and design funds will be used to initiate fiscal year 1988 projects. How must of the additional funds are programmed for initiating fiscal year 1988 project designs this year?

Answer. Initiation of design for fiscal year 1988 projects is our third priority for the requested design funds. Design of candidate fiscal year 1987 major construction projects and the deferred fiscal year 1986 minor construction projects have highest priority. Since our overall design requirements exceed the total amount available for reprograming, the highest priority projects must be funded first. Considering our goal to advance design efforts such that construction awards can be accomplished early in the program years, and funds that can not be immediately applied to the highest priorty projects can be effectively applied to fund the currently authorized planned fiscal year 1988 projects. No exact amount is currently programed for this purpose, but it is estimated that if any funds are so applied, the total would not exceed $200,000 to $400,000 of the requested $3.6 million.

Question. How much additional planning and design funds are needed to continue execution of the fiscal year 1986 program?

Answer. We had to defer initiation of designs for many minor construction projects planned to be executed during fiscal year 1986. Projects, totaling $2.2 million for design costs, have been approved, but can not be authorized to proceed with the award of the design contract because of the lack of sufficient funds.

[CLERK'S NOTE. End of questions submitted by Mr. Hefner.]

ARMY RESERVE REPROGRAMMINGS

Mr. **EDWARDS**. I have just a couple.

One question, regarding the deferral of the Holdenville Armory. Where does the Guard plan to get these funds to proceed with Holdenville if it is deferred?

General **DEAN**. Sir, there is an equal amount of money appropriated in '86 for the different project that we are asking to be advanced from '85 to '86. We would spend the like amount of money, but that the appropriation years would be changed. That is why I used the word flip-flop, because I don't have a better layman's term to apply.

But, if we have $8.6 million worth of projects in '86 that are ready to be built in '85, then we would take those projects and put them into '85, take the $8.6 million worth of projects for '85, which are not ready, move them into the '86 column and finance them from the funds now requested for the accelerated projects. It will be the same line item for the but armory the year of the expenditure would be delayed by the one year.

Mr. **EDWARDS**. Well, it is our plan, as far as Holdenville is concerned, however, that it is simply a deferral and that funds that you have available otherwise will then go back and provide for going ahead at the Holdenville Armory as soon as it is ready. Is that correct?

General **DEAN**. Yes, sir.

Mr. **EDWARDS**. That was the only question I had. I do have a comment. My comment really picks up a little bit on what the chairman raised before.

LINE ITEM VERSUS LUMP SUM APPROPRIATION

I am disturbed by—let me make it clear that I don't know that that is going to affect necessarily what we do on these specific requests, but I am disturbed by the tendency that I see a desire to treat appropriations not as line item appropriations, but as lump sum appropriations. It is a tendency that is now throughout the Defense Department—used through various kinds of reprogrammings and other means to take the attitude—Secretary Weinberger makes this point repeatedly in statements that he makes—essentially that what happened is the Congress has given us money and ought to be happy that somehow we have gotten more for the money that Congress gave us. This is without regard to the fact that what we do is not say here is so much money, see what you can buy with it, but we appropriate for specific items.

We say, this is what we want built, this is how much we want spent on it, and that those are our decisions and not the Defense

Department's decisions. So I don't know whether I am asking you for assurances or what I am asking you for, but my concern is, specifically in your area, whether the Guard plans on continuing a practice of just kind of shifting the funds around as though it were one large lump sum appropriations or whether you have some plans to somehow tailor what you do more to the specific appropriations from Congress.

General **Dean**. Sir, we are well aware of the line item nature of the appropriations. It is our desire to keep the expenditure on that basis. In late '83 I was given the responsibility to advance this program somewhat more rapidly than it had been done in the past. An example of the fact that we have changed is the value of our reporgramming request. In '83 we asked for $22 million, and in '84 we asked for approximately $11 million that was approved. This year we are asking for $8.6 million.

Our intent is to get the States further advanced in designs, either with the aid of this construction money or, I don't know how, but if we can do that, to get these projects for '87, '88 and '89 under design so that when the year comes around, they are able to be built. If the state is ready to go, this will allow us then to award the project earlier in the fiscal year.

Historically, because of the delay of state moneys, instead of awarding early, say in the October to November time frame, we are awarding as much as half of the work later in the fiscal year, in the August-September time frame. This is bad, because then we can't take the accrued savings and use it in the year for new projects. But we think we are on the track toward accomplishing this goal. I think probably it will take two more years before we get to the point where we have moved that obligation curve further in the early part of the fiscal year.

Mr. **Edwards**. Well, I appreciate your statement that you are conscious of the line item nature of the appropriations. I thought that the chairman asked the question very well, because what happens is essentially that we are making it de facto lump sum appropriations and I certainly would want you all to be aware of the fact that that doesn't go unheeded by us and that we do hope that we can get this on a line item basis.

I don't have any other comments or questions.

Mr. **Hefner**. Mr. Bevill.

Mr. **Bevill**. Thank you, Mr. Chairman.

ARMY NATIONAL GUARD FACILITIES, ALABAMA

General, I am an old Army Reserve officer, old National Guard officer and I am probably prejudiced, but I think it is imperative that we have our facilities up to par. I think that ought to be the priority over anything. I know we do in a way of defense and we have about seven armories that land has been purchased that the state has its money there sitting there ready.

One of them I am very familiar with. Two years ago, the mayor told me about the crisis there, that they have an engineering unit. They don't have adequate facilities, they don't have adequate space. The land they have is inadequate and it has been requested by the Alabama Military Department, came up here and scheduled it for '87.

Another that I am personally familiar with is in Oneonta, Alabama. Military Department tells me that it is a high priority unit, and says it is more needed than any of them and it is put down for '87, and now I am going to ask this committee to reprogram these up here for '85 and go on and build them.

Does this create any problems for you?

General **Dean**. Only if we cannot find a way to move the '87 money into '85.

Mr. **Bevill**. We will find a way to move the money.

General **Dean**. The Demopolis armory is ready to go.

Mr. **Bevill**. Demopolis is another one. I just named those two because I am personally acquainted with those since they are in my district. Demopolis, I know the State Senator down there called me about Demopolis. We need this. It is very critical.

General **Dean**. Two of the three you mentioned are complete and the other will be finished probably by the middle of next month.

Mr. **Bevill**. So my question is, if we can act to get the money, you can handle building them, can't you?

General **Dean**. Yes sir.

Mr. **Bevill**. That is all I have.

GUARD AND RESERVE PERSONNEL LEVELS

Mr. **Rudd**. Mr. Chairman, I have one question that I am curious about, that applies both to the Reserve and to the Guard.

It appears that you are growing and the personnel growth is such that it requires the additional things, some of these to be constructed.

General **Dean**. Part is growth in personnel, sir. We are at 434,000 right now and at the current trend in our projects we will be 445,000 at the end of this fiscal year.

Mr. **Rudd**. There is active growth then?

General **Dean**. Yes.

Mr. **Rudd**. Is that by design?

General **Dean**. That is by design. That is to meet the mission that has been laid on the Guard to grow to approximately half a million people by the end of this decade. Part of the change is new missions, new organization, changes in the missions of existing organizations, which require modifications of buildings in order to allow them to perform the functions.

Mr. **Rudd**. Thank you.

Thank you, Mr. Chairman.

Mr. **Hefner**. Thank you.

ARMY RESERVE REPROGRAMMINGS

The Army Reserve reprogramming request contains three new starts totalling $5.4 million. Why weren't these projects included in the fiscal year 1986 request?

General **Mott**. OSD took them out and told us that we probably would be able to do them with reprogramming funds.

Mr. **Hefner**. How much in terms of savings is currently available in the Army Reserve?

General **Mott**. Five point nine million dollars.

Mr. **Boroska**. That is our current reprogramming request. However, there are also additional savings of $5.5 million, $3.6 million of which is associated with the '85 program. We do have projects that we can do with those savings.

Mr. **Hefner**. I have one for the record.

[**Clerk's note**. Additional questions submitted by Mr. Hefner are as follow:]

Question. What is the design status of each project?

Answer. Each of these projects is 100 percent designed and is ready for advertising.

Question. What was the design status during the budget review last fall?

Answer. Each of the projects was 100 percent designed during the budget review.

[**Clerk's note**. End of questions submitted by Mr. Hefner.]

Mr. **Hefner**. Do you have questions, Mr. Edwards?

Mr. **Edwards**. No, I don't have any questions.

Mr. **Hefner**. Mr. Bevill.

Mr. **Bevill**. I have no questions.

Mr. **Hefner**. Mr. Alexander.

Mr. **Alexander**. No questions.

Mr. **Hefner**. Thank you.

Thank you, gentlemen.

Wednesday, June 19, 1985.

1985 MILITARY CONSTRUCTION REPROGRAMMINGS

WITNESSES

OFFICE OF THE SECRETARY OF DEFENSE

WILLIAM C. COONCE, DIRECTOR FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE COMPTROLLER

ARMY

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CAMP PENDLETON, CALIFORNIA, BARRACKS AND ADMINISTRATIVE BUILDING

NAVY

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SOUTH BASE POWER PLANT, VANDENBERG AIR FORCE BASE

MAJOR GENERAL CLIFTON D. WRIGHT, DIRECTOR OF ENGINEERING AND SERVICES, HEADQUARTERS, UNITED STATES AIR FORCE

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Mr. Hefner. The subcommittee will come to order.

Statement of the Chairman

Today the subcommittee will hear testimony on the reprogramming request of June 4, 1985 for projects totalling $25,513,000. Today's session will be open and closed. Discussion of the projects requested for Palmerola Air Base, Honduras and Vandenberg Air Force Base, California will be dealt with in closed session, after we have dispensed with the other Army and Navy requests.

Our principal witness today is Mr. William Coonce, Director for Construction, Office of the Assistant Secretary of Defense, Comptroller. We will proceed with a few questions for Mr. Coonce and then get into each Service request. We will ask Mr. Coonce to remain throughout the entire hearing in case any policy questions come up.

REPROGRAMMING FOR PROJECTS PREVIOUSLY DENIED

This request contains two projects which were denied by Congress in FY 85. What is the Comptroller's policy on requesting projects through reprogramming that have been specifically denied by Congress?

Mr. COONCE. The reprogramming rules published by the committee prohibit any project denied by Congress from being requested, and we were aware that these two projects were denied by the committee. We reviewed them and discussed them in-house. After completing our deliberations and a rather lengthy review, we considered that these projects were unique in their programmatic considerations and should be brought before the committee again for further consideration.

Mr. HEFNER. And reprogrammed rather than trying to put them in '86?

Mr. COONCE. That is right. There was some specific Committee language relating to these two particular projects, in particular the Vandenberg one, that said that the Air Force was to look at commercial power sources. I believe, when we get to the Air Force, they will tell you that they have done that. Congress' other consideration we will talk about later. These two projects are unique in our opinion. We recognize the rule, and it was fully considered. The decision was made to bring them forward notwithstanding the rule.

MILITARY CONSTRUCTION SAVINGS ESTIMATES

Mr. HEFNER. Secretary Weinberger's so-called budget offer originally included $269 million in military construction savings. A more recent communication to Senator Goldwater indicates that this offer includes only $60 million from military construction funds. This elusive $200 million is apparently now required for reprogramming needs. Can you explain where the original estimate of $260 million came from and why this $200 million is now being earmarked by the Services to cover reprogramming needs?

Mr. COONCE. Originally, the reduction was $200 million in military construction and $60 million in NATO. That was subsequently revised to $60 million for NATO. The revision was made because when the original calculations were made we didn't take into consideration the reprogrammings that were coming down the line. After giving some more reconsideration to the reprogrammings that would be coming forward, we decided it was wise not to submit the $200 million as savings.

Mr. HEFNER. What specifically is this $200 million earmarked for?

Mr. COONCE. You have some $25 million in projects before you. We also have a reprogramming action in process for $82.5 million for Fort Drum, New York; we have another reprogramming action prepared at this time for about $85 million which contains monies for various projects and then we will prepare another reprogramming request for the month of July.

Mr. **HEFNER**. There was a letter sent to Senator Goldwater on May 21 clarifying the source of the funds in this budget offer. Why was this information not made available to this subcommittee during our hearing the next day, May 22nd?

Mr. **COONCE**. That is probably the reason, the closeness of the dates. I wasn't aware of the letter when I appeared before you on that day, but it was published in its entirety in the Congressional Record on the 21st.

Mr. **HEFNER**. Well, that is all well and good, but I don't always read the Congressional Record.

Mr. **COONCE**. I don't either. I didn't know about it at that time.

Mr. **HEFNER**. It seems that maybe I should have read the Congressional Record but you should have known about it.

Mr. **COONCE**. I understand.

Mr. **HEFNER**. You should have know about it also.

How much in savings does each Service have on hand today?

Mr. **COONCE**. That, I cannot answer. Usually, detailed estimates are done by the Services. DoD may make general estimates from time to time based on trends but we have no system per se that allows us, at the Department of Defense level, to go project by project and look at each project for how much savings is available.

If we wanted to set up such a system it would be a 100 percent duplication of efforts that the Services have in place. We have never considered such duplication to be a cost effective way of obtaining the status of savings at any one time.

Mr. **HEFNER**. Before we have the Army, Mr. Edwards, do you have any questions?

Mr. **EDWARDS**. Mr. Chairman, I have found that asking this gentleman questions does not usually get very helpful answers so I think I will pass.

Mr. **HEFNER**. Mr. Bevill.

Mr. **BEVILL**. No questions.

Mr. **HEFNER**. Mr. Rudd.

Mr. **RUDD**. No questions.

Mr. **HEFNER**. Mr. Coleman.

Mr. **COLEMAN**. No questions, Mr. Chairman.

Mr. **HEFNER**. Okay, we would like for you to stay.

MICROWAVE BIOLOGICAL EFFECTS CHAMBERS, WALTER REED ARMY HOSPITAL, DC

Mr. **HEFNER**. I guess we have questions for the Army regarding their reprogramming.

Mr. **CARTON**. Good morning.

Mr. **HEFNER**. I feel sure you can explain why the renovation of four chambers used for research in microwave bio effects is now estimated to cost twice as much as the original estimate?

Mr. **CARTON**. Sir, we got in over our head early in the project and did not realize how much work was involved to do it right. We started this job in fiscal year 1977, and upon completion of the original concept realized that it would not work. Our temperature and humidity was not controlled at the levels required for the research, which are rather strict.

We went back and restudied it. We reworked one of the four chambers to test whether our new approach would work and found that the new approach does work. We have one operating chamber and we are here today to ask for the approval to proceed with the repair and improvement of the other three chambers.

Sir, the short answer is that we screwed up.

Mr. HEFNER. So what else is new?

Mr. CARTON. I wish I could say it better than that. We gave the architect-engineer design parameters for each chamber that were unattainable within the funds.

Mr. HEFNER. I feel sure Mr. Edwards is going to raise this. We missed, we weren't even in the ball park, we were not even——

Mr. CARTON. Yes, sir.

Mr. HEFNER. You have got twice as much.

Mr. EDWARDS. Eighty-two percent.

Mr. HEFNER. That is not even in the ball park. That is worse than our budget consideration we are working on with the Senate right now. We are not even that far apart on the budget.

Mr. CARTON. One can give a long liturgy of military construction excuses. The basic fact is that we awarded the original contact within the programmed amount. We thought the original design would accomplish the work. When it did not work, we went back and did fixes. They still did not bring us down to the levels needed for the research, which were rather strict. Now we have a method that will bring us down to the level required for research. I can say no more, we are very, very sorry.

Mr. HEFNER. Why were the performance tests of the environmental control requirements not known to the Army prior to the start of construction?

Mr. CARTON. Sir, the requirements of the user were known during the design. He established the requirements, what they would have to be. It was our expectation that the design we had underway would meet those requirements. We found that in working through the existing building, conditions were such that we simply could not meet them.

Mr. HEFNER. Had the researchers made their stringent control requirements known to the Army prior to the start of construction?

Mr. CARTON. Yes, they had. They made it known during the design process. We didn't realize how difficult it would be to meet their requirement.

Mr. HEFNER. What would happen if we didn't give you this $545,000?

Mr. CARTON. We would have one of the four chambers operating properly. The other three would not meet specifications.

Mr. HEFNER. What would be the consequences of that?

Mr. CARTON. There would be impact on the microwave research and if I may, I would like to turn to Colonel Roberts, Deputy Director of Walter Reed Army Institute of Research, to discuss the impact of not finishing the project.

Colonel ROBERTS. The research that is going on in there now has to do principally with the health hazards involved in exposure to microwave. Generally, occupational exposure. Different sizes of chambers are required for different frequencies of microwave that we work with and difference devices. If we only have one chamber, then we only work in one fourth of the speed that we do and only can work with one frequency at a time, whereas the Services are interested, of course, in multiple frequencies. We see delays of several years in being able to provide the data that are required.

Mr. **Hefner**. Mr. Edwards.

Mr. **Edwards**. The project has changed so much. The original estimates were so off, I am wondering why this is not being included as a new request in the budget as opposed to reprogramming?

Mr. **Carton**. We considered that, and we decided that was basically a case of hiding our sins by coming in with a second case. We just decided to lay it out as a fact. It is still the same project.

Mr. **Hefner**. You thought we were easier than the authorizing committee?

Mr. **Carton**. No sir. Frankly, I think they would be easier. If I had the option of not coming here I would not have, but the project would have been delayed. We do need to get on with the work. We feel responsible because we have delayed the work so far. We honestly think when we make mistakes of this sort that we are better off continuing with the project and showing you the whole thing rather than cancelling it and coming back as a new project. We could have done a new project under the minor construction law without ever coming to the committee because there is but $317,000 worth of work remaining to finish the job, but we are trying to go on the basis of full disclosure.

Mr. **Edwards**. Let me see if I can get back to the Chairman's question about why the foul-up occurred in the first place. Who—not necessarily a name—who was responsible for approving the design that was inadequate in the first place, and has anything been done to suggest that maybe somebody of higher quality performance ought to be in that position?

Mr. **Carton**. We learned a number of lessons. This one has been looked at very thoroughly. The project itself was done by an architect engineering firm which we do not find at fault. We tried to modify an old, existing building and we thought we could do it cheaply. The project was done through our Baltimore District Engineer's office. They have looked into it very carefully on the lessons learned.

I am sorry to say I have another one coming up.

Mr. **Hefner**. You have what? Pardon me.

Mr. **Carton**. We have a second one that we are going to discuss today that I feel we have not looked into sufficiently. We have disseminated these particular mistakes, and we will never make them again. We are hoping that the lessons learned from this will prevent similar mistakes.

Mr. **Edwards**. Was any kind of disciplinary action taken? Is the person still in charge of that? We just had an admiral removed for an error when he wasn't even there when it took place. How about the guy who made this mistake?

Mr. **Carton**. The project is seven years old.

Mr. **Edwards**. He is gone?

Mr. **Carton**. He is gone.

Mr. **Edwards**. Well, I guess we will get to McClellan.

Mr. HEFNER. Does the facility work with experiments with animals and that sort of thing?

Mr. CARTON. Yes, sir.

Mr. HEFNER. This makes a great headline for the National Inquirer—"The Army spends $554,000 of your hard earned tax dollars on animals to see what effect microwave has on them." This is the kind of thing that makes it very difficult for us to reach a consensus on any defense matters anymore and it is a bother to me. I don't know whether it bothers anybody else or not but it is an embarrassment to you and to me. You all can hide, but they know who we are. We are out front on these things.

Mr. Bevill.

Mr. BEVILL. In further response to Mr. Edwards' question, I would like to ask you what did you all do to prevent this from happening again? I remember we used to have to account for pencils. You come in with $554,000 saying we screwed up. You know, I can see why the Pentagon is in trouble and you are going to have trouble getting your funding because people like you are causing that.

Mr. CARTON. Well, sir, I would hope you don't think we take this lightly. I do not. We failed.

Mr. BEVILL. What did you do about it? You have cost the taxpayers $554,000 here and you screwed up. What have you done to prevent it?

Mr. CARTON. Sir, during the period of time that this error occurred we have made a very extensive review of the causes for this mistake.

Mr. BEVILL. What caused it?

Mr. CARTON. Sir, I think the basic cause was a failure to fully evaulate the building that we were going to use to house the facility.

Mr. BEVILL. Who did that?

Mr. CARTON. Sir, that was a combination between the user, the original programmer for the project and the design agency that designed what was to go into the building.

Mr. BEVILL. What have you done to see that that doesn't happen again?

Mr. CARTON. We had the district examine this with great detail. We have improved our methods of evaluating buildings that we are planning to rework, making sure that we don't overlook the things that have to be done to them. We have had this experience in front of us now for a number of years, so we look at every project that we are doing.

We have, I think by virtue of the effort of the committee and the Department of Defense, required designs to be much further along than we required back in 1977.

We don't come to the Congress now—with one exception—with projects which are not in the proper design status.

We are in those cases where we are out at the edge of technology like typical R&D-type requirements, spending a lot more time on assuring that we meet the requirement of the research people in our design.

Mr. BEVILL. Do you think you might solve the problem if we move this research out from the military and put it over in some other department where they do a lot of research and they are a little more familiar with research?

Mr. CARTON. No sir, I don't. We do as much research as anybody. I believe this is a case where it is rather specialized research. Perhaps Colonel Roberts know if anyone else is doing this type of research.

Colonel ROBERTS. We have made efforts to have contracts with the private sector and have been unable right now. We are exploring the national labs, collaboration with the national laboratories at this time, but so far, we have not been able to find a collaborator to work with us.

Mr. BEVILL. That is all I have.

Mr. HEFNER. Mr. Coleman.

Mr. COLEMAN. What percent of inflation were you all using in 1977?

Mr. CARTON. Sir, about that time it would have been very low. The figure for inflation, as I recall was between three percent and four percent.

Mr. COLEMAN. That would have been '76?

Mr. CARTON. It was later that we moved to a higher inflation rate and now we are back down.

Mr. COLEMAN. This program wasn't touched then—I am trying to understand, I am am new to the committee—I was wondering what was done with this program from '76 to '84?

Mr. CARTON. The original contract to do the work was awarded back in '77 as I recall. The project was carried to completion. After the work was completed we could not produce the required conditions in the environmental test chambers.

Mr. COLEMAN. What year was that completed?

Mr. CARTON. That was '79, sir, as I recall.

Mr. COLEMAN. Go ahead.

Mr. CARTON. At that time, we found that we could not produce the conditions in the environmental test chamber that were required. We then endeavored to fix it by various and sundry minor fixes, changing the duct work and going back and doing other things to improve it, to bring it up to the point where we could make it meet the requirement. By '82 we had decided this was not feasible, that little fixes weren't going to do it. We then hired a consultant.

Mr. COLEMAN. From '79 to '82 you weren't able to fully utilize this?

Mr. CARTON. That is correct.

Mr. COLEMAN. You only used one chamber?

Mr. CARTON. No, we had the use of the four chambers but they did not meet environmental requirements and I think the researchers would say that their research therefore was unable to be fully tested.

Colonel ROBERTS. That is correct.

Mr. COLEMAN. Colonel, were you there in those years '79 to '82?

Colonel ROBERTS. I was there in the beginning of 1980, sir.

Mr. COLEMAN. You used these chambers?

Colonel ROBERTS. The problem we discovered about this same time is that the research that we are doing is remarkably sensitive to temperature. For instance, one part of the work we are doing, a five degree change in temperature produced a 30 percent change in the effect we are looking at and we decided that temperature regulations had to be within one degree in order for the research to be useful. The problem of microwave is separating the heating effect of the microwave from a different type of effect.

Mr. COLEMAN. My question to you is in utilizing—you say from '80 to '82 you were there?

Colonel ROBERTS. Yes, sir.

Mr. COLEMAN. You were unable to use them or continue to attempt to use them?

Colonel ROBERTS. We continued to attempt to use them.

Mr. COLEMAN. And you did research, wrote reports and those kinds of things, based on that research?

Colonel ROBERTS. Yes, sir. They are separate from these four chambers. There is another older chamber in another building and we shifted research back and forth and we had one or the other of these chambers more closely ready to go, but there was a period there when essentially we did not fully staff that research project. So there was research going on but at a much lower level than our requirements called for.

Mr. COLEMAN. Go ahead.

Mr. CARTON. In '82 we went out and said we need outside help. We hired consultants, studied what could be done to fix it, decided that we had a fix, went ahead and awarded a contract to fix one chamber. We were going to get one right before we moved on to the others. That work is completed. It has been in use and is now operating satisfactorily. So we have one completely functioning chamber.

We made some minor fixes to that chamber as we went along. We are now ready to proceed to the other three chambers. We have reached a point where under the regulations of the committee, we are required to come back and notify the Congress before we spend any more money on the project and we have therefore done so.

Mr. COLEMAN. If minor fixes were made on one chamber, and you said you had to do that, what kind of cost did that entail?

Mr. CARTON. To do the one chamber over, including some minor fixes as we proceeded, the cost was $132,000. This chamber is now fully operational.

COST OVERRUNS AND MANAGEMENT OF CONSTRUCTION PROJECTS

Mr. COLEMAN. Mr. Chairman, I would like to request the staff—I am wondering if we can't get a list for all of us here in terms of the cost overruns that we have been confronted with this year in this particular subcommittee on these kinds of issues that have been raised so we can get a listing of them.

We are being asked—a lot of us in the Congress—at least I think everybody at this table has been asked to make some cuts in spending and I for one am not willing to overlook this kind of spending because I think maybe we are giving too much money out and I am willing to seriously look at how we can best appropriate the funds that we are going to be required to appropriate in this committee.

Unless I have some understanding of how these cost overruns are affecting the overall budget, I don't see how I can respond to spending cuts in other areas, whether it is defense or not defense or it is not relevant in terms of this subcommittee I think we ought to have a total listing of the ones that we have been requested for this fiscal year in '85. I think it has gotten out of hand.

I thank you, Mr. Chairman.

Mr. **HEFNER**. Mr. Alexander.

Mr. **ALEXANDER**. Mr. Chairman, thank you very much.

I have no questions. I would like to comment that during the 17 years I have been in Congress, I have not observed an Administration where waste and mismanagement is more rampant than it is during the current Administration. That is especially true in the Department of Defense and its related agencies. The problem that we have is we want to do a good job and try to be cooperative with the Administration in its budget requests, and politically the people hold us accountable for that.

When I go back home and run for reelection, people vote for or against me based on the job you do. You haven't done a very good job and that reflects on me and I don't like that.

I agree with Mr. Coleman that it is going to be difficult for me to vote for any appropriations until I see some better management or evidence of better management.

Not only is mismanagment rampant, waste common, but fraud seems to permeate the Department of Defense and maybe, Mr. Chairman, it is time for this committee to stop appropriating money and start investigating waste, fraud and abuse in this Administration and in the Department of Defense, and I would expend considerable energy in that direction. I think we would save the government and taxpayers billions of dollars if we would stop appropriating money and start investigating waste, fraud and abuse in the Department of Defense.

Thank you.

Mr. **EDWARDS**. Would you yield?

Mr. **ALEXANDER**. Yes.

Mr. **EDWARDS**. Certainly we have this problem pervasive in every Administration, and we are all concerned about it. I didn't think we ought to get political. I ought to point out that we keep hearing when this project was started, which was not under the Reagan Administration, but thank you anyway for bringing up the problem.

Mr. **ALEXANDER**. Well, the Reagan Administration is currently charged with the job of managing this project. You are not managing it. And politics is policy. Policy has to do with management and you can say we are not political. That is palatable in the Kiwanis Club, but the fact remains that we are political, and that the poor job that this Administration has done in managing its budget is a political issue in the country—it is in my district—and with an enormous budget and huge budget deficits, it is time for us to get political and it is time for us to start investigating waste, fraud and abuse.

Mr. **EDWARDS**. In all Administrations.

Mr. **COLEMAN**. Let me just say what I am after, I think, is a list of these things that we have been asked to deal with this time. I am honestly suggesting that what we get for all of us is a list of the things that we have been required and requested in some instances, the defense projects that we have discussed in closed hearing in this committee, we funded in terms of reprogrammings and cost overrun issues, because we felt they were necessary as a committee for the defense of this country.

I think that it is incumbent on us to get that total list so we can see really how to try to deal with it next year. I am afraid if we continue the way we are doing it, I think we are going to have—many of you have been here many years longer than I have, I think we should begin to get some picture of where we are headed in these cost overruns. That is the reason I asked for it and I hope the staff can provide that.

Mr. EDWARDS. I totally agree. I think it is regrettable though if we start trying to conduct the 1988 campaign or the campaign for Democratic Whip or whatever else.

Mr. ALEXANDER. It is a fact of life, my friend, you must deal with it.

Mr. HEFNER. Regular order.

Well, let me make a statement. I have got to make my statement and go have a picture made. I think everything we do is political. I don't want to get into a political tirade or make a speech. I am getting a little tired coming in here for reprogrammings, everything we get here is at least 30, 40 percent over, other things we see over, they don't come to this committee. I would have to say there is not a darn reprogramming that hasn't been here that hasn't been at least 30 percent over and the explanation we get—in all due respect, I have a lot of respect for you, we screwed up.

The Air Force comes in—no offense, Duke—we screwed up, made a mistake. It is only money.

And I am sitting over there in the Budget Committee, we are trying to reconcile education, welfare, and all these other things, and people are demogoging on both sides.

The President last night got in a dig at us about the only budget that was acceptable was the Senate budget and the House position. We have got Republicans in the House that voted for it, and we get blindsided by Dole, who said that we are dragging our feet, we made offers and counter offers, and these things get political.

Since we are bringing it up, the thing I don't want to have is a political committee. I want to have a committee here that gets to the bottom of these things because we can't continue to tolerate these. Even though this isn't a lot of money, these things are eroding the support of defense in this country.

I think it is pretty evident if you go to my district or Texas or Alabama or Oklahoma where the people come up and say don't tell me you can't get these cuts in defense, we saw about those $600 toilet seats. I don't know what position you may have taken on that, but $600 toilet seats, $400 hammers, all these have an impact.

As I say, this would make an excellent headline for one of these tabloids and it makes it difficult to do the things in defense that we need to do. Perhaps this year we are going to make deeper cuts in defense probably than we should simply because grassroots support for the increases is not out there. This contributes to it and if that is politics, I don't apologize, I think that when you have got members that are trying to do the job, we need to try to get as much politics out of it as we can.

For those people that are only bystanders and not players in the game, they just kind of bug out and try to give us some help where they can. I get tired of all these reprogrammings when they are 100 percent over, and the explanation is, well, I didn't get the letter. I didn't have the letter, when I came over there, this $200 million or what have you is just a number that is floating around there. We don't know what we are going to use it for, we thought we might need reprogramming so we kind of squirreled it way, we don't know what we are going to do with it.

Mr. Early, do you have some good news?

SCOPE OF MICROWAVE RADIATION RESEARCH

Mr. EARLY. I just have a different type of problem. I don't understand, let me ask about this specific problem you started in '77.

Mr. CARTON. Yes sir.

Mr. EARLY. How many years project was it?

Mr. CARTON. The job was completed as it was expected to be, in '79.

Mr. EARLY. It was completed in '79?

Mr. CARTON. It was complete but did not perform properly.

Mr. EARLY. Are we doing research at the facility now?

Mr. CARTON. Yes, sir.

Mr. EARLY. We are doing research?

Mr. CARTON. Yes, sir.

Mr. EARLY. Are we doing research on microwave biotech, is this what the research is for?

Colonel ROBERTS. Yes, sir.

Mr. EARLY. What is the length of the research project?

Colonel ROBERTS. Well, there are several aspects and it is a continuing project.

Mr. EARLY. Is it a research project that is going to go from here to eternity? We have a research project in NIH, it is a five year project, four year project, it is an eight year project.

Colonel ROBERTS. I understand that. Sir, there are several projects involved, not a single one.

Mr. EARLY. How many researchers do you have at this facility?

Colonel ROBERTS. We have three right now.

Mr. EARLY. What do you need four chambers for if you only have three researchers?

Colonel ROBERTS. We have more than one generation device in the microwave and they can't be shifted from one chamber to another without being torn down.

Mr. EARLY. You are evidently not using three of them. You say you are only using one. For a five percent change in temperature you have a 30 percent deficiency rate. You come into the committee and tell us what you are doing, how long—the project started in '77. Whether it started under Democrats or Republicans, the military should do what other research facilities do, you go to MIT, you go to a research facility. They say we are going to do microwave biotech research program, it is going to be five, six, two years. I am asking you how many years is this particular project?

Colonel ROBERTS. Well, the project has been delayed about six years now because of this project.

Mr. **Early**. It couldn't be much of a crisis if it has been delayed six years and no one has done anything about it. Why do we want to do it now? We don't have anything to do out there.

Colonel **Roberts**. We feel like the question of microwave effect is increasing right now. The question is actually more important now than it was originally.

Mr. **Early**. Let's say it is important, you must have a period of time on a project. You say you have got several projects. That is what I think irritates a lot of people, the military won't tell us what you are doing. Can you identify the seven projects by numbers, one, two, three, four, five, six, seven?

Colonel **Roberts**. I can't give you a number, working unit number, but I can describe for you the project.

Mr. **Early**. Can you give any length of time of one of those projects?

Colonel **Roberts**. No.

Mr. **Early**. If they started in '77, some of them should have been completed.

Colonel **Roberts**. That is right, some of them have been completed.

Mr. **Early**. How many have been completed?

Colonel **Roberts**. I checked yesterday. There were four of them that we had results on right now.

Mr. **Early**. We completed four only using one of four chambers?

Colonel **Roberts**. There is another chamber in another building that this group uses. We have had two active chambers, yes.

Mr. **Early**. I thought we had three? I thought you said three or four chambers were done.

Mr. **Carton**. That is correct.

Mr. **Early**. You are saying three, he is saying two.

Mr. **Carton**. There are four chambers in the building that we worked on, three of which do not meet the specifications. There is a different chamber located in another building away from this one.

Colonel **Roberts**. It is just where some of the work is continuing that we would ordinarily have done in the three chambers.

Mr. **Early**. I represent the military would be very embarrassed with that description of a project. You come in here and just take for granted you are going to get every reprogramming you ask for. I will tell you as a member, you are not getting my OK on anything unless you come in and tell what you are doing.

Five hundred fifty-four thousand dollars for a project that you started in '77 and it isn't Democratic or Republican, believe me, it is everybody, and it is an absolute disgrace, and the only time we are going to stop it is when we say, no, no, no. I am only one vote on the committee, but I assure you it is one no.

Mr. **Carton**. I will be happy to make sure we provide for the record a complete list of the research that is going on.

Mr. **Early**. You have got research you said you started in '77. It is running, it isn't running, you have one out of four chambers, you only have got three researchers out there. How many do you need to do the seven projects? You completed four of the projects. If you completed four projects, with three researchers in one chamber, and only have got seven that you are doing, tell us the time you can complete the other three with no new money?

Colonel **Roberts**. Can we provide that for the record.

Mr. **Early**. Yes sir.

Mr. **Carton**. We will provide that.

[The information follows:]

Four anechoic chambers exist in Building 502/503. One is fully operational. The other three require modifications and improvements in order to perform controlled experiments from which reliable data could be derived.

The chambers are used to study the effects of microwave radiation on whole animals, typically rabbits. Also studies are animal or human cells of diverse tissue origin growing and metabolizing in culture systems. The four chambers each have a unique geometry allowing a researcher to control exactly and understand the critical parameters of a microwave beam impinging on a biological target. Those parameters include filed beam strength and geometry, frequency, energy per pulse, and duty cycle, etc. The "anechoic" material in the walls of the chamber absorbs microwave radiation completely and permits the imposition of a completely plane wave without any reflection from surrounding objects on a biological target.

Chamber A is designed for S band frequencies and a wide beam antenna. Chamber B is designed for X band frequencies and a wide beam antenna. Chamber C is designed for L band and UFH band frequencies and a wide beam antenna. Chamber D is designed for L and S band frequencies and a highly directed or narrow beam antenna. Chambers B and C are pressently non-functional because of numerous defects. Chamber A is functional and Chamber D is partly functional with several problems.

Since the mid-1970's, the following experiments have been done, primarily using Chamber D:

Cataract studies—effects of microwave power on the lens and anterior chamber of the eye.

Blood brain barrier studies—alteration of capilliary permeability in the brain using Techetium as a probe. Techetium is an environmental concern

Exposures of pregnant animals—possibly heightened susceptibility of fetuses to microwave power using radioisotopic probes and metabolic and morphologic studies.

Behavior studies—work stoppage in animals related to microwave power.

Lethality—relation of frequency and power to major organ damage.

Audiogenic seizures—changes in seizure thresholds with microwave power.

Conditioned taste aversion—pyschological studies in animals.

Spatial avoidance—power levels and frequencies at which animals seek relief.

Drug synergism—are certain drug actions potentiated or modified by microwave power?

Interference with cardiac pacemakers.

Some of the projects brought in extramural researchers on contract. One to two workers per contract were typically involved. In-house (WRAIR personnel) projects also involved one to two workers.

At this moment no projects are being carried out in the chambers. The Microwave Department presently has four full time investigators. The position of Chief, also an investigator, has just become vacant. When the department is fully staffed and all chambers operational it is anticipated that a project would typically last six months with one fully occupied investigator and an associate technician using a chamber. Biohazard and bioeffect work of the same general nature would be performed, guided substantially by the best available information on potential or actual battlefield hazards and hazards attendant on the more routine use of military high power technologies. The two M.D.'s in the department are also monitoring all of the work for possible application in medical therapeutics, more particularly with regard to malignant disease treatment and disease involving derangements of the immune system.

PROJECT OVERRUNS

Mr. **Edwards**. You have made a very good point. I think the time will come when we as a subcommittee need to look at some substantive changes in the rules by which we deal with reprogrammings, and perhaps we need to arrive at a point where we will allow a reasonable amount of overrun—five percent, ten percent, whatever is reasonable, and after that just say no reprogrammings.

If it is above, it is a new project, you come in and get a new authorization and so forth.

I certainly would be very favorable toward the idea of just cutting out this nonsense of this constant flow of reprogramming.

Mr. **Carton**. May I make a point? I would like to say that we are seeing here the very few projects that have overruns. The Army has something like 400 to 500 projects underway at any one time. Over the period of time that we are talking about from '77 to now, we have had several thousand projects underway. Most of them have come in under the programmed amount.

We are making diligent efforts to keep them down. We do not like anything that exceeds the programmed amount. When we come to Congress, we ask for specific amounts of money for a project, it is the best estimate we have at that time, and we sometimes are wrong. It is a function of, among other things, the bidding climate, the inflation of the period, and in a few very rare cases, we come to you and have to admit we designed it in a way that it will not work.

Mr. **Edwards**. I did a study of military construction projects for which funds had been appropropriated over a three year period and 23 percent of those that had been completed had an average overrun that was nearly 15 percent. What you are saying isn't true, nearly one out of four projects that we appropriate money for ends up with an overrun.

Mr. **Carton**. Sir, I think we have to define the word overrun.

Mr. **Early**. If I could use my last question, you just said you had several thusand projects of which most of them were underestimated. How many projects?

Mr. **Carton**. The bids came in under the original estimate.

Mr. **Early**. The bids came in under the original appropriations?

Mr. **Carton**. Yes, sir.

Mr. **Early**. In how many of those projects did you return money to the U.S. Treasury?

Mr. **Carton**. Sir, the procedure in the past has been this committee takes the savings in its annual review of the budget and applies them to next year's budget. We lapse money that is over five years old, the lapsed funds return to the Treasury automatically. There is a sunset provision in the statute that you have enacted. So unexpended funds over five years old automatically lapse unless required to settle claims.

Mr. **Early**. I will conclude with that. I think we should consider changing that to after one year lapse, return the money to the government as far as they are abusing it so much with the five year period. I don't know how—you can't give them flexibility because you give them flexibility and they abuse it.

Mr. **Bevill** [presiding]. All right, Mr. Lowery.

Mr. **Lowery**. No question.

Mr. **Bevill**. Would you mind putting in the record here, you mentioned these seven projects, I would like to know how many of those were overruns and give us the statistics. We would like to look into that.

Mr. **Carton**. Certainly, sir.

May I say something? We talked about overruns.

Mr. **Bevill** [presiding]. We have got a lot to cover here, and if you will just put it all in the record, we will be glad to look at it.

[**Clerk's note.**—The information was provided to the committees staff.]

MACHINE GUN TESTING RANGE, FORT MCCLELLAN, AL

Mr. **Bevill.** We have the Fort McClellan Machine Gun Testing Range here.

Mr. **Carton.** Yes, sir.

Mr. **Bevill.** And you started building it and discovered live ammunition, so now it is going to cost twice as much. You find you got live ammunition discovered there when it has been used as a firing range before?

Mr. **Carton.** Yes, we had.

Mr. **Bevill.** Somebody screwed up?

Mr. **Carton.** We had gone back through the records over 15 years, and found no evidence there would be live ammunition in the area. When they excavated they found some, so I don't know whether the records were incomplete or whether the ammunition was there longer than 15 years ago.

We had to reorient the range because of that.

Mr. **Bevill.** Why does this require reprogramming?

Mr. **Carton.** Sir, the committee in its fiscal year 1985 report required that any project with a cost exceeding 25 percent above the appropriated amount, regardless of whether it is under a million dollars or not, be reported to the committee as a reprogramming request.

Mr. **Bevill.** Construction costs, as I understand it, $843,000 plus, but the authorization was $440,000 plus?

Mr. **Carton.** Yes, sir, under the statutes the project was under $1 million.

Mr. **Bevill.** It is just a little bit over, isn't it?

Mr. **Carton.** Yes, sir.

Mr. **Bevill.** 100 percent, 99 percent. Over 90 percent over.

Mr. **Carton.** Yes, sir.

Mr. **Edwards.** I just have two questions. One is essentially the same question Mr. Bevill asked. I don't know what the record showed, but it would seem to me that most people might have assumed if this same area had been used as a live firing range before, there might be ammunition out there?

Mr. **Carton.** Yes, sir.

Mr. **Edwards.** It seemed rather strange that without the records, somebody might not just say to us we have been firing bullets out there, there is probably some ammunition on the field.

Mr. **Carton.** Sir, there was no visual sign while travelling through the area, and the records did not indicate any firing in the area for 15 years. I would say that at almost any Army installation in the country, there are places where ammunition may have been fired in the past.

In this case, what was thought to be a reasonable preliminary review was taken, and it was not until the actual construction began that indication of live ammunition was found.

Mr. **Edwards.** What about this excavation? Did you move where the targets were? The justification that was provided by the Army talks about part of this reprogramming being needed because of unforeseen excavation to allow a line of sight to long-range targets.

It would seem to me that an initial survey of the area might tell you whether or not there was some impediment between the place where people were firing and the targets?

Mr. CARTON. Yes, sir, the problem with this project is that it deviated from the normal rule and was not 35 percent designed when submitted to the Congress.

This was not a change after we completed the original design, but it was not included in the original estimate provided the Congress, because the design had not progressed far enough to get it complete.

We do not come to the Congress any longer requesting projects that are not 35 percent designed.

Mr. EDWARDS. That would seem to argue that the more complete the design is before we appropriate money, the better off we are.

Mr. CARTON. Sir, 35 percent is the magic point. At this point, we have the topographical survey, we have done the soil borings, laid out the buildings, and we are down into the details such as the type of reinforcing steel and deciding what the concrete mix is going to be. We should be beyond the point of any major surprises.

Mr. EDWARDS. What year was this originally?

Mr. CARTON. 1984.

Mr. EDWARDS. I would assume that the Army was resistant to the idea we were going to require 35 percent design before approving projects?

Mr. CARTON. No, sir, as a matter of fact, I think we sort of enthusiastically joined it after a while, because we have had enough bad experience to know that is a good move. We do not resist that at all.

Mr. EDWARDS. I have no further questions.

Mr. BEVILL. Mr. Coleman.

Mr. COLEMAN. Thank you, Mr. Chairman.

I guess I don't really understand the range, I don't understand the range at Fort McClellan.

Mr. CARTON. It is a transitional machine gun range.

Mr. COLEMAN. What do you mean by transitional?

Mr. CARTON. The range is used to train MPs in firing machine guns on an actual range for basic training in machine guns. It is called transitional because you move to various points and fire at various targets.

When the range was originally programmed, we thought that we could rather economically lay it out on the terrain, put targets out there, and set it up. The first problem that we encountered was the terrain, the last line of targets could not be seen without doing some excavation.

The unexpected problem of——

Mr. COLEMAN. Live rounds out there.

Mr. CARTON. Yes, sir, we discovered that this area had been used in the past for firing live ammunition. When the contractor began his work, he found live ammunition and had to stop. We had to burn off the area, do a survey to see what we could find and reorient the range to keep the contractor out of the area where high explosives could have been located.

Mr. COLEMAN. You redirected the range.

Mr. CARTON. Yes, sir.

Mr. Coleman. It is in use.

Mr. Carton. It is complete except for the final electrical connection.

Mr. Coleman. They are still using it, right?

Mr. Carton. I do not know whether they are using it at this moment. I would suspect that because it is still in the late stages of construction that it is not in use yet.

Mr. Coleman. The total previously appropriated and requested reprogramming was about $909,000.

Mr. Carton. Sir, the total of $909,000 is the total required for the entire job.

Mr. Coleman. That was going to set up all the targets, do all the electrical?

Mr. Carton. That does not include the cost of targets. Target mechanisms and targets are purchased out of a different appropriation.

Mr. Coleman. What was the original $440,000 appropriated for?

Mr. Carton. That was for the construction. $440,000 was the original estimate to construct, set up the range, provide the utilities and do any necessary site preparation work.

Mr. Coleman. And so, you are asking $469,000 to do what, specifically?

Mr. Carton. Pay for the fact that we had——

Mr. Coleman. Decontaminate the range?

Mr. Carton. The work that has to be done to decontaminate and reorient the range. It avoids the more contaminated area where we would have to spend more money.

Mr. Coleman. Let me ask you this: Can you get more specific with that $469,000 in terms of legal requirements and so on.

Mr. Carton. Yes, sir, I can provide you complete details.

Mr. Coleman. I would like to see that, because I happen to have in my District a project of decontamination that can't be done, nobody can decontaminate, they say it can't be done short of five or 10 million extra dollars.

I am convinced that somebody is making a lot of money in the business. I thought we had people in the military that it was their job, I think they used to belong to ordnance.

Mr. Carton. Yes, sir.

Mr. Coleman. Who were supposed to be able to do that kind of stuff and evidently, they don't do that any more.

Mr. Carton. It depends on——

Mr. Coleman. Because we can't seem to get it done by that branch of the service.

Mr. Carton. It depends on the magnitude of the contamination.

Mr. Coleman. I guess——

Mr. Carton. Whether it is in the ground or on the surface.

Mr. Coleman. I guess, so I would like very much to see a breakdown of that $469,000.

Mr. Carton. Yes, sir.

[The information follows:]

A breakout of the $469,000 requested is as follows:

[Full CWE]

Base Bid:	
Construction of Tower, Ammo, Support Mess and Bleacher Buildings Complete	$132,313
Site Work	308,044
Exterior Elect	87,781
Total Base Bid	528,138
Additives:	
1 Lane No 1	142,298
2 Lane No 6	126,333
3 Self Composting Latrine	46,421
	843,190
Range relocation to avoid live ammo	65,810
Associated electrical work	909,000
Less PA	440,000
Reprogramming request	469,000

The DD Form 1391 submitted for approval contained no allowance for the large amount of earthwork that had to be moved to get a clear line of site to the targets. At the 35% design stage, after completion of a topographic survey it was discovered the earthmoving would be a major cost item. The final CWE for earthwork added to the cost of the project is $308,044 over that originally programmed.

The site was cleared of explosive ordinance by an Explosive Ordinance Detachment. First the vegetation was burned then a shoulder to shoulder search was made by troops. Over 200 live rounds were found (40 mm to 100 mm) and destroyed by detonation. The area, however, was swampy and numerous live rounds were considered to be under the surface. Since no means of making the range safe was possible, the range was moved to another location that was considered non-contaminated.

Mr. COLEMAN. I don't have any other questions.

Mr. BEVILL. The chairman recognizes Mr. Rudd.

Mr. RUDD. I have no questions.

Mr. BEVILL. Mr. Early.

Mr. EARLY. Just briefly, you say this range is or is not being used now.

Mr. CARTON. To the best of my knowledge, it is not being currently used because the money required to complete it has not been approved by the committee.

Mr. EARLY. If this $469,000 is approved, how long would it take you to put the range in use?

Mr. CARTON. With the work remaining, I would suspect we would have it in use by—this is June—I would anticipate no more than four to six months.

Mr. EARLY. What happens to the trainees out there for the four to six months, are they just bypassing this phase of their training?

Mr. CARTON. Sir, to the best of my knowledge, they use an old, inadequate range. It is without the modern targetry.

Mr. EARLY. You have to have the most modern target range, you can't have it any other way, except the most modern target range.

Mr. BEVILL. Mr. Lowery.

Mr. LOWERY. Did you say you are in the process of decontaminating this range?

Mr. CARTON. We have done most of it, sir.

Mr. LOWERY. Do you plan to complete it?

Mr. CARTON. Yes, sir, the areas that people have to work in or travel over. There are limits to what we can do, it depends on how deeply buried the munitions might be, so we are working on clearing those areas that would be a danger to somebody working there or traveling through.

Mr. **Lowery**. You have a similar circumstance in San Diego, the Navy is involved with, civilian land formerly military land, World War II target range. I would be interested in your efforts, what costs are associated.

Mr. **Carton**. We are the executive agent for the program of environmental restoration of former sites, and we are building up some experience in that type of work.

Mr. **Lowery**. Provide that for the record.

Mr. **Carton**. Yes, sir.

[The information follows:]

In February 1985, the Office of the Secretary of Defense requested that both the Army and the Navy initiate certain actions at a formerly-used Department of Defense (DOD) property (the former Camp Elliot) at Tierrasanta, in the vicinity of San Diego, California. The Navy was asked to arrange for the near term clearance of unexploded ordnance (UXO's) at the site and, to that end, plans to spend approximately $49,000 this fiscal year. The Army, as DOD's Executive Agent, has begun its initial investigation of the site with the goal of assessing long term solutions to the UXO problem and developing alternatives for DOD consideration. Thus far $10,000 has been expended on this preliminary step. The results should be available by the end of this fiscal year.

Mr. **Bevill**. Mr. Alexander, do you have any questions?

Mr. **Alexander**. If there are no further questions, we will now hear from the Navy.

VARIOUS FACILITIES, CAMP PENDLETON, CA

Mr. **Bevill**. Captain Ives, would you explain why the peculiar site conditions such as ground water, rock and unsuitable soil conditions were not foreseen at the same time this facility was under design?

Captain **Ives**. Yes, sir, Mr. Chairman, we did some site investigation, but it proved to be insufficient. As it happened, we had a particularly severe snow in the Sierras immediately prior to our construction period, unusually severe snow, so that the spring melt was unusually high and ground water conditions were particularly severe. It was an unusual set of circumstances.

Mr. **Bevill**. The chairman recognizes Mr. Edwards.

Mr. **Edwards**. No questions.

Mr. **Bevill**. Mr. Alexander.

Mr. **Alexander**. No questions.

Mr. **Bevill**. Mr. Coleman.

Mr. **Coleman**. No questions.

Mr. **Bevill**. Mr. Rudd.

Mr. **Rudd**. You know, that facility has been there as long as I can remember.

Captain **Ives**. Yes, sir.

Mr. **Rudd**. It seems that through these many years, 45 or 50, something like that, this sort of thing should have come to your attention. I wonder why you start now to look for the testing that would have been necessary for foundations and things like that?

Captain **Ives**. Well, we did limited site investigation borings and the like, but when we got into the detailed construction, we found a high degree of underground obstructions, some of which were natural. There were very large boulders in the area that had to be individually removed.

We also found some foundations that were not on any of our "as built" drawings. It is just the nature of construction that one can encounter unforeseen conditions. What you are searching for is the proper balance between money spent before construction, during design, in subsurface exploration to figure out what is down there, versus the added cost of accomplishing whatever work proves to be necessary during construction as a change order.

It is a balance that you are searching for. You can spend an awful lot of money to get an absolute certainty that you won't be surprised during construction, but that would not be really prudent. We are looking for a reasonable level of effort during design, so that the change orders again during construction are reasonable.

Mr. RUDD. Well, I guess the point I am trying to make is that anything you have done before should be a matter of record, that you can review before you even get started, and I hope that what you are doing now will be made a matter of record, and not get lost in some dark corner somewhere nobody bothers to look at it, if you have to do something like this again.

Captain IVES. If you are familiar with the site, I think you will recall that the construction up there was basically very, very simple construction. They were primarily quonset huts which have very limited foundations.

Now, we are building permanent construction with much deeper foundations, so even if our information on earlier construction had been 100 percent accurate, we were going much deeper and encountered new conditions as a result.

Mr. RUDD. Well, I am a proponent of the quonset hut, so I guess it is better not to get into that.

Captain IVES. They have served us well. They were put up many, many years ago, as you point out, with an expected life of five years, and we have more than gotten our money's worth out of them.

Mr. RUDD. Wouldn't we be better off for the expected life if we were to use them more permanently and replace them from time to time?

Captain IVES. I think in today's environment, with the all-volunteer force, and the need to focus the time that is available up there on mountain warfare training, it is important that we not consume a lot of that limited time with housekeeping effort.

That allows them to get the maximum benefit from the training time.

These new facilities will better accommodate mountain warfare training than did the old ones.

Mr. RUDD. What do you mean by housekeeping, what is the difference between housekeeping in a quonset hut and a fine permanent piece of construction?

Captain IVES. Well, for example, some effort of the men is consumed in operating the heating plant that is right within the building. They have to truck cans of oil in, and there is a lot of other housekeeping effort that goes into operating in a quonset hut or expeditionary kind of environment which one wouldn't expect in permanent facilities.

These new facilities also accommodate special training racks because, as you can imagine going out in the snow and plowing around all day, the men get all soaking wet. There are special facilities to dry their clothing overnight, so when they go back out the next day, they have dry clothing.

Mr. RUDD. How long are these people there for the training program, a week or two weeks or what?

Captain IVES. I don't know specifically, sir, but my impression is they go up for a matter of two or three weeks' period at a time, and it is on a rotational basis.

Mr. RUDD. I don't want to belabor this, but you know, we know that all military expenditures are going to be hit and hit hard and it seems to me that much of this, not so much here at home in the United States and abroad, is temporary and we ought to treat it as temporary if we have to put a little effort in to save money to do it, then that means by perhaps at what you might call hardship or something like that, all-volunteer military forces should be more willing to get involved in that than if the situation were otherwise. I would like to have it otherwise.

I think strong consideration should be given by you and all the people who are involved in the military construction in this change of attitude or possible change of attitude into a more temporary situation.

I have no other questions.

Mr. EDWARDS. We are going to be well prepared for mountainous war if it is in a resort area.

Mr. BEVILL. Mr. Early.

Mr. EARLY. Could you give me more specifically, rather than generally, a breakdown of the $2.2 million?

Captain IVES. There are a number of problems with the design. In actual construction, we found we needed to relocate heating and ventilation duct work to provide adequate clearances. We had problems with the design of the control system for the heating and ventilating system, in the three buildings, which added to our cost.

Mr. EARLY. Who was responsible for the original error in that design?

Captain IVES. The architect-engineer is basically responsible for many of these problems, sir. We are pursuing individual items for possibility. My expectation is we will eventually end up in litigation on many of these issues.

Mr. EARLY. I have no further questions.

Mr. BEVILL. Mr. Lowery.

Mr. LOWERY. How much is this adding per square foot to the cost?

Captain IVES. We have three buildings involved. The housing which is a bachelor officer quarters and bachelor enlisted quarters was originally programmed at about $90 a square foot.

Our current level of cost is about $120 a square foot. For the administrative facility, which was originally programmed at $100 a square foot, our current costs are running $130 a square foot, roughly.

Mr. LOWERY. That is a pretty steep construction cost, isn't it?

Captain IVES. Yes, sir, this is a remote mountain site, with cold weather. It is a special design.

Mr. LOWERY. Where is it located?

Captain IVES. It is at Pickle Meadows in the Bridgeport area in the eastern Sierras.

Mr. LOWERY. What happens to the contractor or architect-engineer during the process of this dispute? Are they able to bid on other military work?

Captain IVES. Well, he would certainly be free to request consideration for future work, but in evaluating our selection, we would certainly take into account his performance on this job.

That is a standard feature of our selection process for architect-engineers; we take into account their prior performance in making selections for future work.

Mr. LOWERY. Is it just within the Department of Navy, or servicewide?

Captain IVES. It is a cooperative system, sir, in which we exchange information with the other services.

Mr. LOWERY. There was prior work the engineer has provided for?

Captain IVES. I am not aware of his prior involvement with us. One of the reasons he was selected is he had special expertise in cold weather construction and has in fact written a textbook on the subject.

So, it appeared to us, based on the record, that he was well-qualified for the specific demands of this job, cold weather construction.

Mr. LOWERY. Would you tell me a textbook that is used in our universities and schools doesn't work?

Captain IVES. There obviously was some break between the textbook solution and practical application in this specific instance.

Mr. EDWARDS. One more question on that. You have been pursuing some degree of holding the contract liable; is that correct?

Captain IVES. Yes, sir.

Mr. EDWARDS. Quote us where that stands, what is the status of that investigation?

Captain IVES. We are well into the definition of A and E liability issues we wish to pursue. So far, we have 63 separate items of potential liability that we are devaluating and will refer to our standard board decision.

There are undoubtedly going to be more items discovered as we go through the process and also straighten out our situation with the construction contractor.

Through that process, undoubtedly more issues of A&E liability will surface.

Mr. EDWARDS. This is the second reprogramming on this project, right?

Captain IVES. Yes, sir.

Mr. EDWARDS. Do you suspect there is liability in both things that led to the first reprogramming requests as well as this one?

Captain IVES. Yes, sir, we will essentially review all of his efforts on this job.

Mr. LOWERY. Would you keep this committee briefed on the status of your efforts to find liability with this particular contractor?

Captain IVES. Yes, sir, we will.

Mr. LOWERY. And I would be very interested in your efforts.

Captain IVES. Yes, sir.

Mr. **Bevill**. We will take a break for 15, 20 minutes, because we have got a quorum and vote. We will be back shortly.

[Recess.]

HEATING, VENTILATION AND AIR CONDITIONING, NAVAL HOSPITAL, CHARLESTON, SC

Mr. **Hefner**. We have a couple of questions for the record regarding the Charleston heating, ventilation, and air conditioning systems for $170,000.

Could you describe the need to provide a new Naval Hospital in Charleston and why was this not requested as a separate new minor construction project since it was not anticipated at the time the original project was put together?

[Clerk's note.—Project details are as follows:]

BID EXPIRATION DATE:
NOT APPLICABLE

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Naval Hospital, Charleston, South Carolina

PROJECT:

FY83 MCON P-214, Heating, Ventilation and Air Conditioning

AUTHORIZATION:

Section 203, Public Law 97-321

ESTIMATED COST:

Previously Appropriated	$360,000
Previously Reprogramed	$ 0
Requested Reprograming	$170,000
Total Estimated Cost	$530,000

DESCRIPTION:

The project provides modifications to the heating, ventilation and air conditioning (HVAC) system controls, valves, air intakes and airflows, recycles heat generated by equipment, and provides reflective shields on glassed areas to minimize energy consumption and maximize on patient comfort and safety.

JUSTIFICATION:

This project is required to prevent potential health hazards in patient care and treatment areas generally attributable to poor air circulation and filtration.

The project was authorized and appropriated in FY83 in the amount of $360,000.00. When the construction contract was awarded 6 June 1984, the Current Working Estimate (CWE) for the project was $327,710. The project CWE has now increased to approximately $530,000 or 47.2% above the appropriated amount. This increase is due to unforeseen changes required to provide a complete and useable facility.

Projects that provide alterations to existing facilities are by nature more susceptible to changes than those involving strictly new construction. Many changes have resulted from conditions that were unforeseen prior to initiation of construction. During the construction effort, water lines, relays and switches for the HVAC system operations were located differently than indicated on the contract documents. Other changes resulted from the need to provide a dedicated Air Handling Unit (AHU) to increase air flow in an operating room requiring filtered air and in balancing the hospital mechanical systems.

Every construction change has been thoroughly analyzed, and in each case a determination made that the change is necessary to provide a safe, complete and useable medical facility. A determination was made that Architect/Engineer (A/E) liability was not applicable.

This cost increase is required for the sole purpose of meeting an unusual variation in cost, as described above, which could not have been reasonably anticipated at the time the project was originally approved by Congress.

SOURCE OF FUNDS:

Decision not to execute the following project has resulted in accrued savings which have been cited as the source for funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
SPCC Mechanicsburg, PA/Heating, Ventilation and Air Conditioning, P-092	1983	380	Project will not be executed	170

Captain **Ives**. Mr. Chairman, the original project was put together in the 1983 program as an energy conservation project. It was entitled "Heating, Ventilating, Air Conditioning," and the purpose of it was to install controls, dampers, water flow limiters, adjust outside air intake and air flow, and recapture waste heat from a condenser to preheat domestic hot water.

The whole purpose of the project was to conserve energy, and essentially what we were doing is reworking the existing system. In the course of reworking the existing system, it was important to us to ensure that we were bringing it up to today's standards.

One of the criteria for accreditation established by the Joint Committee for Accreditation of Hospitals relates to filtration of air for critical spaces such as operating rooms. In meeting these modern criteria required by accreditation for filtration of air in the operating room we determined that it was necessary to have a dedicated air handling unit to serve that space.

Mr. **Edwards**. I don't even know where we are, Mr. Chairman.

Mr. **Hefner**. On the Charleston project.

Mr. **Edwards**. I don't have any questions.

Mr. **Rudd**. No questions.

Mr. **Coleman**. The only rationale for this, I understand, is unforeseen charges, is that right, that is the whole reason for the increase?

Captain **Ives**. Yes, sir.

I would point out, however, that the principal justification for the project is energy conservation. We will save energy as anticipated and it is a good economic project even at the increased price.

The discounted payback is two years, which is even better than we thought it was going to be when we submitted the project to the Congress back in 1983. So without question, this project is economic even at the increased cost.

Mr. **Coleman**. All those charges were made by us, by the government?

Captain **Ives**. Yes, sir.

Mr. **Coleman**. You say AE liability is not applicable?

Captain **Ives**. Yes, that is what we determined.

Mr. **Coleman**. I don't have any other questions.

Thank you, Mr. Chairman.

DINING FACILITY MODERNIZATION, CAMP PENDLETON, CALIFORNIA

Mr. **Hefner**. Okay. Camp Pendleton, for the dining facility modernization, $1,080,000.

Could you explain why changes of this degree, which increased the floor of this project by 50 percent, are supposedly not unusual for renovation projects?

I guess we have seen at Walter Reed why that is.

Could you give me some insight?

Captain **Ives**. I wouldn't represent them as "not unusual" at the 50 percent level, Mr. Chairman.

The point we were trying to make in mentioning that term in our reprogramming request was that changes are not unusual in alteration or rehab projects. Changes of this magnitude are certainly unusual.

Mr. **Hefner**. Could you start by telling us a little bit why? What are the extent of changes? Why and what are we getting?

Captain **Ives**. Well, one of the changes related to asbestos pipe removal. Before the contractor started, we thought that the insulating material was not asbestos. However, when we ripped into it, it turned out to be asbestos, and we required a separate contractor to come in for safe removal of that asbestos.

We have had to modify the electrical system to match existing conditions, which turned out to be different than reflected on our as-built drawings.

We determined it was necessary to replace walk-in refigerator doors which had deteriorated. There was additional demolition beyond that shown in the original contract drawings and we have had some changes in the kitchen equipment.

Because of delays for such things as the asbestos pipe removal, where we had to stop work for the prime contractor while we brought in a specialized contractor to remove the asbestos, there was some delay costs while the prime contractor was held up.

Mr. **Hefner**. What was the original cost of this?

Captain **Ives**. $2,020,000, sir, was the original request.

Mr. **Hefner**. We are up to 3.1; we are only 30 percent. We started at 2; 50 percent over.

When did we start on this project?

Captain **Ives**. We took bids in May of 1984, sir, and awarded shortly thereafter.

Mr. **Hefner**. Couldn't you anticipate with all the brouhaha about asbestos, that there would be a problem of asbestos pipe? I am assuming it is for the health hazard.

Captain **Ives**. Yes, it is the health consideration.

Mr. **Hefner**. They weren't aware of that?

Captain **Ives**. We thought it was not asbestos material.

Sometimes the asbestos can be a little bit insidious. Our current practice is to actually take samples and have them analyzed by a laboratory to preclude recurrence of this problem.

Mr. **Hefner**. How much did this particular thing cost?

Captain **Ives**. $45,000.

Mr. **Hefner**. Mr. Edwards.

Mr. **Edwards**. The justification that you had with this says the cost associated with these changes plus purchase and installation of built-in equipment have increased the cost.

How much was that built-in equipment?

Captain **Ives**. About $300,000, sir.

Mr. **Edwards**. Now, was the purchase of that built-in equipment due to errors that had been made or did the customer change the order? Did the customer want something more than was originally in the plan?

Captain **Ives**. Essentially, it was an error on the part of the government, Mr. Edwards.

When we plan one of these projects, and plan for the equipment that will go into them, we have to separate the equipment into two categories: built-in equipment, which is funded from military construction money, and then other equipment not built-in, which we call collatral equipment, that is funded from other means.

In making the split in the two kinds of equipment, we misclassified about $300,000 worth of items to be installed in kitchen space itself. When we started off to buy those items with the collateral money and looked at each one in detail, we determined that they were in fact built-in by nature.

The nature of equipment we wanted was such that it had to be built in; it fit within the definition of built-in and was properly, therefore, funded with military construction funds.

The total cost to the government is not at issue here; it is the color of money or the kind of money.

Mr. EDWARDS. Were all of the change orders that took place due to the changes in conditions or new discoveries, or were any of the change orders due to additional requests by the base itself in terms of what they wanted?

Captain IVES. No, sir. To the best of my knowledge, the changes were essentially in the two categories: changed conditions that were encountered during construction, plus this new equipment which had to be shifted from one account to another because of the nature of the equipment itself.

Mr. EDWARDS. But there were no additional requests?

Captain IVES. No.

Mr. EDWARDS. That is all.

Mr. HEFNER. Mr. Coleman.

Mr. COLEMAN. Your statement in the justification says that numerous change orders have occurred due to unforeseen conditions that were not known during the design and only revealed after actual construction uncovered concealed, existing conditions that differed from our expectations.

Maybe I don't understand what this is. I thought it was an existing dining facility that was built by the military in 1959; is that right?

Captain IVES. Yes.

Mr. COLEMAN. We don't have plans of that. We don't have any records of that.

Captain IVES. Well, sir, we do. We call those as-built drawings.

But we frequently find that as-built drawings, while they may have been accurate at the point of award of the original construction, the job never goes exactly as per the contract documents.

So we try to get updates of the as-builts. We call them red-line drawings by the construction contractor and incorporate those into the as-built that we turned over to the activity.

Sometimes we don't catch all of the changes which developed during the original construction. Then once you have got those drawings in hand, you still got the problem of what took place at the activity level with their station forces during the period from 1952 to when we come back in with a new job in 1984 or 1985. Substantial changes are frequently made by the activity and they are not always——

Mr. COLEMAN. You can't file a lawsuit on a badly built house unless you have that material. I am suggesting that somewhere that material exists.

In other words, you knew we should have known when we started this one, let this contract on this. We, the government, should have known what went on before and what was going to be involved in this project from those old plans, from the old construction.

If you want to call them as-built, or whatever, and red lines, that is all right, put them together. But we know.

You mean to tell me we don't know when we put those together?

Captain Ives. We put those together. As I tried to indicate in my comments, they are not always 100 percent accurate because of changes which took place during construction. The information may not have been recorded.

Mr. Coleman. What was the—let's talk about this particular case. Was it recorded?

Captain Ives. I am not familiar with how accurate the as-builts were in this case. My guess, based on my experience, is that the principal cause for the changes is work done by the activity without documenting it in the interim period. They will send a plumber over to fix a leak. He will reroute a pipe.

Mr. Coleman. Those are hypotheticals. I want to know specifically about this particular dining facility that was built, if that is what it was, dining facility that was built in 1952.

Captain Ives. I will have to supply that for the record, sir.

Mr. Coleman. Will you do that? Because I am really interested.

[The information follows:]

Original building as-builts were used for the Pulgas dining facility and also used for the Margarita facility as it is a site adaptation of the basic design. There have been sixteen and fourteen contracts respectively for work at these two facilities since they were built thirty years ago. Drawing of these subsequent building modifications were filed by the activity maintenance system. Obtaining current as-built conditions required the collection of the original as-builts plus all drawings of the subsequent contracts. The maintenance system however does not record building repairs or modifications performed by base forces. As-built conditions therefore were not 100% complete, as well as, subject to the inaccuracies of data recorded and collected from multiple sources.

Mr. Coleman. I can't believe that we don't keep those documents. And if, in fact, other things were done that are causing this increase, I don't feel that the government ought to have to pay for it, if it was done and we weren't told about it. These are things you are calling concealed. That word right there is disturbing to me, "existing."

Captain Ives. What that means is that perhaps a water line behind a piece of sheet rock—

Mr. Coleman. My point—

Captain Ives. Gets re-located, and turns out to be in a different place. In order to make a connection, there is an added cost involved.

Mr. Coleman. My point is our plans should have shown that for the 1952 as-is, or red lines should have shown that.

Captain Ives. Suppose the activity in the interim has gone back and relocated that line.

Mr. Coleman. We should have that somewhere too.

Captain Ives. No, sir, that is the problem. When you send a plumber out to make a repair, he does the repair based on what he finds when he gets there and it doesn't get documented in the plans.

When we start a new design, we do a prudent level of engineering investigation with that architect-engineer, but, as I understand it, the facility is in use. We can't take a wallboard off and see what is behind—

Mr. **Coleman**. That is not what I am asking you to do. I am asking to look.

There are work orders in all those kind of things that occur in the military. Somewhere there is documentation someone went in and moved a pipe, probably. Don't you remember?

Isn't it true in the military you deal with triplicate forms?

Captain **Ives**. At the time, undoubtedly, there was some documentation, such as service call tickets and the like. But the effort to research all of that information and compile it would be too expensive in terms of the reduction you would get in your change order activity.

The prudent thing that we try to do is adopt an appropriate level of engineering investigation by our designer when he goes out. Even there, we are searching for a tradeoff because we could spend so much money in design that we won't get a corresponding reduction in change orders during construction. We are searching for a proper balance there.

Mr. **Coleman**. I know what you are calling design, I am not calling design.

What I am saying, it seems to me when the government takes a position that we are going to modernize this existing facility, we ought to have all of our discovery already done. We ought to know exactly what that thing is and ought to do our research and make sure we tell the designer or architect or whoever it is going to be dealing with this modernization what he is going to find there from all of our records.

The reason I am saying that, that is what we have, a whole branch of the service in each of the services dedicated to doing that kind of work.

I know this is costing us $1,080,000. That is a pretty expensive amount of research, it looks like to me, that we did not do.

Captain **Ives**. I think we have to also point out, sir, that had we had perfect information on what the conditions were, almost all of the costs that we are talking about would have been reflected in the contractor's bid. So when you say—

Mr. **Coleman**. What?

Captain **Ives**. When you say added cost, the project ended up costing more than we thought it would, had we had perfect information, the price would have ended up just about the same.

The only differential—

Mr. **Coleman**. You mean the contractor would have bid it higher?

Captain **Ives**. Yes, sir.

The only differential cost we are talking about in terms of how much additional it cost the taxpayer is this small marginal cost of having accomplished this change order work by negotiation rather than through the competitive bid process, by having it in the original contractor's bid.

Mr. **Edwards**. Would you yield?

Mr. **Coleman**. Yes, sir.

Mr. Edwards. That is assuming that this committee would decide to appropriate funds at the level, and that we would make the decision that that project was worth that expenditure. What we are trying to do is find out beforehand what a program is going to cost so we can decide whether we want to spend that much money, or whether we think that project is worth that much. It is not necessarily true that we would have spent that much regardless, one way or another we might have said the program is going to cost that much for that benefit, or that is too much, or we don't want to scale it back.

So I think you are making assumptions that sort of left the Congress out of it.

Captain Ives. Your point is well taken, sir. I understand that. We also certainly want the best information on which to make our decision when we compete our projects for programming to determine which ones are we going to take to Congress. We want the best information also so we can make those value judgments.

Let me also reassure you that when we get one with a cost problem like this, we reexamine it in light of the cost as now revealed and make judgments as to whether to proceed or not and we do not in fact bring all of these projects back to the Congress. When we bring one back, it is because we have made a determination that we think it is still a good buy for the taxpayers. For example, the Naval Hospital, Charleston project we discussed has economic payback of two years.

Mr. Edwards. I understand that. My point is Mr. Coleman is right on target that we should know that first.

Captain Ives. I agree.

Mr. Edwards. It may not be approved in the first place.

Captain Ives. Yes.

Mr. Edwards. Otherwise—

Captain Ives. I appreciate that.

Mr. Coleman. No further questions.

Mr. Hefner. A couple of points I want to make. I am trying to find how much square footage and how many people does this feed. You are off $300,000 on appliances, am I right?

Captain Ives. Yes, we had the cost of 300,000 dollars identified but we had it in the wrong account and we need to fund it out of military construction money. It was just an error in attributing the cost to the proper account.

Mr. Hefner. Well, say that is a bookkeeping error. Back to Mr. Coleman's question, a city manager has a schematic of the whole city for if the lights go out, and it makes no difference if the line was run in 1952; he has a schematic he can go to. If a guy comes in and he is going to look at a project like this, an old existing facility, I don't know a contractor worth his salt that is not going to look at this thing and say hey, I don't know what I am going to run into, I am going to have contingency money in there. When he made that bid he put some contingency money in there for things that he would find, pipes in the wrong place, what he would run into, but you are telling me that because a mistake had been, things have been changed since 1952, that it affected the cost of this facility for $700,000.

Captain **Ives**. The contractor would have some contingencies in his bid, Mr. Chairman; we certainly agree with that. In this case, the competitive pressures were severe. We had fourteen bids. That says to me based on my experience, that the contingency allocation of the low bidder was probably pretty low. The contingency that he puts in is for those items which are omitted from his estimate, not for changed conditions.

In other words, his contingency is for those items required by the contract documents that he has not accounted for. If it is not required by the contract documents or is different than the contract document, that is a liability of the government.

Mr. **Hefner**. I understand that. It goes back to what Mr. Edwards says, here we are again, we have got a $700,000 difference that we might not, had we known it was going to be 3 million we might have said hey, you keep this *x* number of dollars, we might have held you to that, now here we are, we are the bad guys, you have to have this facility, we are going to have to come up with an extra million dollars and it's nobody's fault, just we goofed again, this is 2 in a row we have goofed on, and your argument is that we didn't goof, we just didn't know this was an old facility, they changed the pipe, this sort of thing we didn't anticipate. That is getting to be hitting a raw nerve.

Captain **Ives**. It is entirely appropriate, Mr. Chairman, that we reevaluate the project and its value at today's cost. We in the Navy have done that and decided to bring it to you, and the Congress now has its opportunity through the operation of the cost variation reprogramming procedures, to make a similar evaluation.

Our hope is that you will make the same determination that we did, that the project is in fact required; notwithstanding its increased cost we ought to get on with it.

Mr. **Hefner**. That is what gets so frustrating. If it is a worthy project we ought to get on with it, so don't hassle us about the money. We are working in good faith, just give us the $700,000 and let's get on with it. It needs to be done and if we are dragging our feet and contest it, we are the bad guys, we are going against quality of life and this sort of thing, and it is very frustrating, sir.

It is for me and I know we don't like to berate you, I know it is very degrading for you to come in here and take that abuse. But we have to answer to others, we have budgetary restraints, we are trying to defend the defense budget. In my particular situation serving on the Budget Committee, I have to go over and tell some people you cannot have this much money; they don't have reprogramming, they have got things that are vital to them. It is frustrating to me, I don't particularly like it, I don't like to be put in this position time after time, especially when it involves this amount of overruns.

Mr. Rudd.

CONSTRUCTION PRIORITIES

Mr. **Rudd**. I would like to make a suggestion, a good faith suggestion, not especially on this but in conjunction with what the Chairman has said and what Congressmen Coleman and Edwards have stated. We know there isn't enough money to go around and I think you all know that, too, not just you but everyone.

Captain IVES. Yes, sir.

Mr. RUDD. So, what I would like to suggest is that you work harder to provide the information that is needed because if you don't make the priorities as to what is not going to be funded, or going to be less funded, I know that is a terrible burden to put on you because when you ask for something you think you need it and you know you need it, all that, if there isn't enough money it is up to you to make your own priorities of what is most valuable to the defense effort regardless of what it is, and in a good faith way and if you will provide us with that, then we can go along with you and we won't be hassling or like that. If you don't do it we are going to make the selection anyway, and it might be damaging to the whole effort because you are in a better position to know than we are.

I don't know how to put it any differently but I think that that has to be done for the benefit of the entire military operations.

Captain IVES. Mr. Rudd, I think our current system provides for that. Just to elaborate a bit, we carry in our military construction requirements list, which is an automatic data processing system which documents all of the requirements for military construction that have been defined for Navy. At the current time that military requirements list runs about $20 billion.

We are currently programming on the order of $1.8 or $2 billion, say $2 billion a year. So, that says that it is about a ten-to-one selectivity on the projects which have enough priority behind them to get programmed in each year's program that we bring forward to you.

The competition is very, very severe, so that the projects we bring to you are in fact very badly needed.

Mr. RUDD. All I am saying it is going to get a lot more severe.

Captain IVES. We understand that.

Mr. RUDD. We are not in the best position to establish these priorities, as you are.

Thank you, Mr. Chairman.

Mr. HEFNER. Mr. Early.

Mr. EARLY. No questions.

Mr. HEFNER. Mr. Lowery.

SAVINGS, NAVY

Mr. LOWERY. How much is in the Navy pipeline that has been appropriated and not committed available from savings from previous projects?

Captain IVES. That is a figure of consuming interest to us. We monitor what the trend is in that area very closely. As you are probably aware, a couple of years back we started to develop significant savings. When that began to happen, we recalibrated our estimates and tightened them down. We tightened them down sufficiently so that our 1985 execution has been running a much higher percentage of the appropriated amount than we would typically experience in years past.

Currently our funding requirement versus the funded authorization is running about 94 percent at award, and we will have some cost growth during construction for limited changes. Our target there is to keep those within 5 percent program-wide, which says that as we go through the 1985 execution we are just about right on the money at the current time.

We have, when we calibrate our funded position, we of course have to identify known reprogamming requirements such as the projets being presented to you. We take all of that into account. It looks to me like we are just about right on the money.

Mr. LOWERY. Could you give us a further justification for the record of these 130 dollars a foot construction costs at Bridgeport?

Captain IVES. Yes, sir.

[The information follows:]

Programmed unit cost for the administrative building was $101/SF. The $130/SF unit cost results from a simple proration to the administration building of its share of the total project cost increase. This reflects the dollar impact in general terms for comparative purposes. The following is a breakdown of this revised square foot cost: foundation $5.50, structural framing $3.10, floors $3.87, roofing $20.73, exterior walls $9.26, interior walls $6.04, interior finishes $14.19, doors/windows $9.58, architectural specialties $5.36, plumbing $8.60, mechanical $12.18, electrical $12.21, special equipment $19.37; total $130/SF.

[Individual project details are as follows:]

BID EXPIRATION DATE:
Not Applicable

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Marine Corps Base, Camp Pendleton, California

PROJECT:

Bachelor Officer Quarters, Bachelor Enlisted Quarters, Administration Building, (Mountain Warfare Training Center, Bridgeport, CA) P-879

AUTHORIZATION:

Section 201, Public Law 97-321

ESTIMATED COST:

Previously Appropriated	$ 9,000,000
Previously Reprogramed	$ 3,000,000
Requested Reprograming	$ 2,200,000
Total Estimated Cost	$ 14,200,000

DESCRIPTION:

The project provides unaccompanied personnel housing and an administrative facility. It increases the capacity of the electrical system, develops a permanent water supply and provides solar energy systems.

JUSTIFICATION:

The Bridgeport California site is remote and very rugged. The locale, extreme climate, specialized mountain warfare training requirements, and a very restricted difficult site dictated use of unique cold weather designs vice the standard Navy structures.

The project was submitted to Congress at $10,500,000. It was authorized at the full amount but appropriated at $9,000,000. Bids were opened on 17 May 1983; the low bid resulted in a current working estimate (CWE) of $10,108,053. After construction started, unforeseen conditions of the site including ground water, rock excavations and unsuitable soil and other early design problems were encountered. These problems seriously delayed the work and increased the CWE. Last year our CWE reached $12,000,000 and necessitated a reprograming which was approved in June 1984.

Subsequently, construction difficulties continued to delay the work and further increased project costs. The project CWE has now increased to $14,200,000 due to actual and pending change orders that are required to provide complete and useable facilities and is partially due to extending the construction period through an additional winter season.

At the time of the prior reprograming, the Bachelor Enlisted Quarters (BEQ) was early in the construction phase and the full implications of the problems were not foreseen. This current request addresses problems realized as construction proceeded on the BEQ, as well as some new problems encountered on the Bachelor Officer Quarters and Administrative Building. These problems stem from basic design omissions, errors, and conflicts in mechanical/heating and ventilation systems within building spaces, as well as, coordination of mechanical equipment controls. These fundamental problems had repercussions throughout the architectural/structural systems in the buildings.

The Commanding Officer of the Western Division, Naval Facilities Engineering Command has initiated an investigation of potential A/E and construction contractor liability and possible accountability of government personnel in accordance with the manual of the Judge Advocate General. In addition a formal board has been appointed to assess A/E liability issues identified to date.

Every construction change has been analyzed and determination made that the change was necessary to provide a complete and useable facility.

The original contract completion date for this project was 30 December 1984. Currently the project is scheduled for completion in August 1985. We anticipate receipt of contractor claim(s) based on impact of design omissions/conflicts plus extended overhead and loss of efficiency for a longer than planned construction period.

Final resolution of liability issues and potential contractor claim(s) will take some time. An immediate increase in project cost limitations is required in the interim to permit us to complete the ongoing work within the next few months and thus avoid extending the construction contractor through yet another winter.

This cost increase is required for the sole purpose of meeting unusual variations in cost, as described above, which could not have been reasonably anticipated at the time the project was originally approved by the Congress.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
Naval Activities, Kenya/Facilities Expansion (P-003)	1983	$8,300	$5,300	$2,200

BID EXPIRATION DATE:
Not Applicable

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Marine Corps Base, Camp Pendleton, California

PROJECT:

Enlisted Dining Facility Modernization, P-449

AUTHORIZATION:

Section 201, Public Law 98-115

ESTIMATED COST:

Previously Appropriated	$2,020,000
Previously Reprogramed	$ 0
Requested Reprograming	$1,080,000
Total Estimated Cost	$3,100,000

DESCRIPTION:

The project provides alterations and modernization of two existing dining facilities that were build in 1952 that are inadequate and outmoded. Work includes new kitchen equipment, improved food service, modernization of the dining area, fire protection system, and utility upgrade.

JUSTIFICATION:

Fourteen bids were received in May 1984 which resulted in a contract award to a firm that was 34% under the government estimate and 15% under the next low bidder. The low bidder was determined to be responsive and award was made in August 1984 at a current working estimate (CWE) of $1,855,000.

Numerous change orders have occurred due to unforeseen conditions that were not known during the design and only revealed after actual construction uncovered concealed existing conditions that differed from our expectations. Such changes, are not unusual for major alteration project of this type involving modifications to plumbing, steam, and ventilation systems, to accommodate new kitchen equipment but are not normally as extensive as those encountered on this project. Costs associated with these changes plus purchase and installation of built-in equipment have increased our CWE to $3,100,000.

The original project completion date was June 1985. However, due to the delay in receipt of equipment, and the required changes, additional costs for contractor overhead and delay claims have been incurred. These problems have increased the CWE to a total of $3,100,000. The project is currently 80% complete.

Architect-engineer financial liability is not applicable to these problems. The plans and specifications have been reviewed and it has been determined that no benefit would accrue to the Government from terminating the contract and redesigning for subsequent advertisement.

The cost increase is required for the sole purpose of meeting an unusual variations in cost as described above, which was not anticipated at the time the project was originally approved by Congress.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
Marine Corps Air Station, El Toro, CA/ Maintenance Facility, P-050	1984	$5,230	3,250	1,080

Mr. **Hefner**. If there are no other questions, Naval Reserve, any questions on the remainder before we go into the closed portion?

Mr. **Early**. Mr. Chairman, could I ask one question?

Mr. **Hefner**. Yes.

DINING FACILITY MODERNIZATION, CAMP PENDLETON

Mr. **Early**. What is the cost per foot for the dining facility modernization?

Captain **Ives**. I would have to calculate that for you, sir. I don't have an updated figure on that. The 1391 shows a cost per square foot of $27 and essentially it is about half again as much. So, say we are up to about $45 a square foot. I would point out this is not new construction, this is rehabilitation work, so it is hard to relate it to new construction costs.

Mr. **Early**. New construction costs 2.5 times as much as rehab. You told Mr. Lowery earlier this morning on the other, Camp Pendleton we were up to $130 a square foot for new construction. Now we are in the same place you are telling me that it is $40.

Captain **Ives**. Yes, sir, the work is different. New construction at Bridgeport is high up in the Sierras, a completely different situation than rebilitation work at Camp Pendleton down close to San Diego.

Mr. **Early**. I said MMC Camp Pendleton was one, you told Mr. Lowery was $130.

Captain **Ives**. Camp Pendleton is the sponsor for the Bridgeport location, but it is remote from Camp Pendleton.

Mr. **Early**. Two different facilities.

Captain **Ives**. About 400 miles away.

Mr. **Early**. Thank you.

Mr. **Hefner**. Did you have some other questions?

Mr. **Coleman**. No.

Mr. **Hefner**. Does anybody have any other questions?

Mr. **Lowery**. I have one final question.

At Bridgeport was a good deal of earth moving required?

Captain **Ives**. Yes, sir, there was excavation in conjunction with the building foundation. I wouldn't say it was extensive.

Mr. **Lowery**. Would that be factored into your cost of construction?

Captain **Ives**. No, the cost per square foot is the basic building itself.

Mr. **Lowery**. Okay, I am very interested in those numbers.

Mr. **Rudd**. Mr. Chairman.

Mr. **Hefner**. Sure.

TELEPHONE LINES, NAVAL AIR STATION, ALAMEDA, CALIFORNIA

[**Clerk's note**.—Additional questions submitted by Mr. Hefner are as follows:]

Question. Provide for the record a breakdown of the $2.2 million in terms of its intended purpose as well as a list of change orders on this project.

Answer. The purpose of the requested $2.2 million is broken down as follows: mechanical system revisions $1.1M, electrical controls/circuit changes $.2M, architectural revisions $.17M, structural changes $.2M, miscellaneous revisions $.33M, contingency $.1M, and SIOH $.1M. To date sixty-three conformed change orders have been processed on this contract. These change orders are listed by the following categories: electrical (6), administrative (7), structural (10), mechanical (14), civil (12), and architectural (14).

Question. How many change orders have been requested and for what specific purposes? How many have been granted?

Answer. To date two hundred eighty-five pending contract changes have been identified. Following investigation and determination twenty-eight pending changes were cancelled and one hundred twenty-five changes have been negotiated and added to the contract by sixty-three conformed change orders. The purpose of these sixty-three change orders are as follows: electrical (6), administrative (7), structural (10), mechanical (14), civil (12), and architectural (14). One hundred thirty-two pending contract changes remain to be processed.

[CLERK'S NOTE.—End of questions submitted by Mr. Hefner.]

TELEPHONE LINES, NAVAL AIR STATION, ALAMEDA

Mr. RUDD. Is the questioning on the Naval air station at Alameda, is that under the closed session?

Mr. HEFNER. No. We are going to submit that for the record. I asked if there were any questions. You are talking about the telephone lines.

Mr. RUDD. Yes.

Mr. HEFNER. If you have some questions, sure. I assumed there were no questions.

Mr. RUDD. One, I don't know what the cost really goes to and two, does it have anything to do with security of these lines now and in the future.

Captain IVES. Yes, sir, at least indirectly. The purpose of the project is to replace the main trunk of underground duct system for telephone lines at Alameda. The original system was built in 1939, its capacity is saturated, and many areas of it through settlement and the like are in need of replacement.

Right now we cannot meet the needs of the station for administrative telephone use and also for communications.

Mr. RUDD. In a general way it has nothing to do with security, just replacement of physical setup?

Captain IVES. Yes, sir, that is right. However, the new underground lines could be more secure and more reliable, which would bear on the security at least indirectly.

Mr. RUDD. Nothing is really secure.

Thank you very much.

[CLERK'S NOTE.—Project details and additional questions submitted by Mr. Hefner are as follows:]

BID EXPIRATION DATE:
30 May 1985

MILITARY CONSTRUCTION, NAVY
REPROGRAMING REQUEST

INSTALLATION:

Naval Air Station Alameda, California

PROJECT:

Telephone Lines, P-176

AUTHORIZATION:

Section 201, Public Law 98-407

ESTIMATED COST:

Previously Appropriated	$	690,000
Previously Reprogramed	$	0
Requested Reprograming	$	690,000
Total Estimated Cost	$	1,380,000

DESCRIPTION:

The project provides for replacement of the main trunk of the underground telephone duct system that is badly deteriorated and collapsed due to age and ground settlement. Work includes new ducts, splice boxes, and manholes.

JUSTIFICATION:

Additional strategic communication capabilities are required to support the station and the homeported carriers and escorts. The additional communication capabilities cannot be installed because of the deteriorated and collapsed condition of the underground ducts and the telephone plant system which was installed in 1939.

A total of 15 bids were opened with the low bid resulting in a project Current Working Estimate (CWE) of $1,380,000. This is 100 percent in excess of the appropriated amount. The government estimate was between the first and second low bidders. The next two bidders were within 12% of the low bid. The low bid is considered favorable and competitive.

The higher cost of this project was anticipated at the time of budget submission. The Congressional committees were notified, but the project's increase was not addressed during the FY 1985 program proceedings.

The increase is due to higher than anticipated cost of materials and placement of precast concrete ducts, added cost to place the duct through an area of airfield pavement that was 11 inches thick, and the higher cost to construct splice boxes and manholes.

The Navy has thoroughly reexamined the design to ensure that it provides the minimum facility. A reduction in project scope would result in an incomplete system.

SOURCE OF FUNDS:

Execution of the following project has resulted in accrued savings which have been cited as the source of funding for this cost increase:

Location/ Project	Fiscal Year	Appropriated Amount ($000)	Current Working Estimate ($000)	Proposed Reprograming ($000)
Fleet Training Center San Diego, California/ Applied Instruction Bldg (P-009)	1985	5,250	4,340	690

Question. Explain why the final cost of the telephone line project was not anticipated at the time of the budget submission.

Answer. The higher cost of this project was anticipated, although late in the cycle. The program was finalized and would not permit the cost revision. The Congressional committees were notified, but the project increase was not addressed during the FY85 program proceedings.

The increase was due to higher than budgeted cost of materials and placement of precast concrete ducts, added cost to place the duct through an area of airfield pavement that was 11 inches thick, and the higher cost to construct splice boxes and manholes.

NMCRC CHARLOTTE, NC

Question. Explain the need for this new Reserve Center in Charlotte, NC.

Answer. The existing 37,000 SF combination masonry and Quonset hut Reserve center was built in 1948 on 1.3 acres of land. The structure has seriously deteriorated, is costly to maintain, is a high energy user and is poorly configured to meet training requirements. The proposed facility will save an estimated $130,000 a year in maintenance and operation costs.

In addition, the existing facility, located in an extremely undesirable area, provides virtually no parking facilities. Road patrols are required during drilling periods to prevent vandalism and theft to Drilling Reservists automobiles.

The existing facility does not provide adequate space to satisfy the combined Navy and Marine Corps requirement of 44,000 SF. This, coupled with the vandalism in the area has driven the Marine Corps to relocate their Reserve Center to leased facilities at an annual cost of $70,000 per year.

Question. How much additional savings does the Naval Reserve have on hand?

Answer. In addition to the savings identified in the reprogramming request for purchase of a Reserve Center for Charlotte, NC, the Naval Reserve has $900,000 in savings not committed to project requirements such as unawarded projects, change orders, contingencies and contractor claims.

Question. How much will be required to renovate this facility and how much will be saved by proceeding with this now as opposed to waiting until FY 1986?

Answer. Renovation of the new facility will require $1,400,000. Coupled with purchase price, the total cost would be $2,600,000. The proposed building, which was located after a thorough search by local Navy representatives, is presently available to the Navy on a purchase option which expires in July 1985. Failure to exercise that option would likely result in the requirement for new construction in FY86 at an estimated cost of $4,500,000 plus the cost of land at approximately $400,000. Exercising the purchase option now would result in a cost avoidance of $2,300,000.

Question. Why was this project not in the FY 1986 Program?

Answer. The facility was not found and identified as a cost saving potential Reserve site until February 1984. A purchase agreement was not negotiated until August 1984, too late to insert into the FY-86 budget.

[Clerk's note.—End of questions submitted by Mr. Hefner.]

Mr. **Hefner**. Any other questions?

If there are no further questions, we will clear the room and we have two areas that we need to talk about.

Mr. **Hefner**. General Wright and General Kutyna.

General **Wright**. I would like to introduce General Don Kutyna, Director of Space Systems and Command, and Communications Controls, in the Office of Research and Development, HQ Air Force.

VANDENBERG AIR FORCE BASE, POWER PLANT

Mr. **Hefner**. We have talked extensively about this. This project was denied in 1985, and the Air Force was directed to determine if commercial power could be used to meet this need. Describe your efforts to seek commercial alternatives to meet this need.

I am going to make a statement here, and other people have questions. You were asked to talk about the Pacific Gas and Light, if they could meet a reliability factor of .99995 over the 30 day period of each space shuttle launch. Will the new plant reach this degree of reliability?

And assuming from the conference we have had earlier with other people, they said they couldn't do this. I guess the question we have to answer here is will the new power plant reach its degree of reliability. I guess the first launch critical payload is set for September 1986. Since the original estimate for construction time was two to 2.5 years, this power plan could not be completed in time for the September 1986 launch in any case. Is this correct?

I am assuming that you made the contacts with the gas company and they informed you they could not meet that reliability?

General **Wright**. That is true, sir. We performed the study as directed by the committee. We discussed with the Pacific Gas and Electric Company the criteria requirements, they evaluated their capability and advised us they could not meet this criteria.

We also looked at alternative sources in providing the power from the private sector and evaluated three possible sources. None of these would prove to be cost effective over the long run.

We also looked at upgrading the existing plant—several alternatives thereto—including installation of diesel generators. That could not be done becasue of environmental air emission problems with the County of Santa Barbara and the State of California.

I feel as though we have completely fulfilled the direction of Congress in assessing all the alternatives to this solution.

Mr. **Hefner**. I guess the next question, logical question, is why was this project not included in the '86 budget?

General **Wright**. We had not completed all of the studies directed by the Congress in time to put this in the original Air Force submission to DOD last fall. The studies and the evaluation assessments were not completed until late 1984 and early 1985. The budget had already been submitted to DOD and to the Congress.

Mr. **Hefner**. This could still be considered in the '86 budget, couldn't it, by an amendment, if you requested it?

General **Wright**. I suppose it could, depending upon how it was being looked at over here, but——

Mr. **Hefner**. Why did you wait until February to solicit a response from Pacific Gas and Electric?

General **Wright**. I can't answer that question directly, sir. I think there are some discussions prior to that, but I don't know if February was the exact date that we solicited in writing a response, it may have been——

Mr. **Hefner**. The 26th of February, almost March.

General **Wright**. I don't know the answer to that.

Mr. **Hefner**. It was.

General **Wright**. If I might get some help.

Mr. **Hefner**. October, November, December, January——

General **Wright**. It was in February, sir.

Mr. **Hefner**. That is what I am saying.

Mr. Edwards.

Mr. **Edwards**. You asked the question. It is not a question of whether or not the facility needs this work, and I am glad the Air Force accept your response that it can't work. I did pursue private utilities to see whether that would work. I don't understand at all why it is a reprogramming. It is not too late to get it into the budget request. If you put it in the budget request, what has happened to you? Look at the other things you have requested, what the amount of money we are likely to approve and take some other things out and that is the right way to do it. You have to prioritize somewhere, and I have no bias against the program, I have a strong bias against trying to get things approved through reprogramming that have not been submitted in the regular budget cycle and certainly not being inclined to support it just for that reason, whereas I would probably certainly support it otherwise.

Nothing else, Mr. Chairman.

Mr. **Hefner**. How much reprogramming have we done to this point at Vandenberg, do you know?

General **Wright**. Sir, over the course of the project, which was actually begun back in the late seventies, there have been reprogrammings. I don't remember the exact number.

Mr. **Hefner**. Could you get that?

General **Wright**. I will get that for you.

General **Kutyna**. Since 1982?

Mr. **Hefner**. We have had some since 1982.

General **Wright**. I don't have that number with me. As you know, we have been through——

Mr. **Hefner**. I believe we have had somewhere in the range of $40 million in reprogrammings.

General **Wright**. Military Construction, yes sir, we have been through——

Mr. **Hefner**. Plus, the windshield.

[**Clerk's note**.—The information follows:]

There have been seven reprogrammings on three Space Transportation System (STS) projects at Vandenberg Air Force Base as follows for a total cost of $48,874,000:

Title	Fiscal year	Reprogrammed amount	Date approved
Launch complex	1979	$1,021,000	April 1980.
		17,400,000	March 1982.
		2,500,000	June 1984.
Subtotal		20,921,000	
Facility modifications	1983	9,423,000	June1983.
		9,000,000	June 1984.
Subtotal		18,423,000	
Orbiter processing facility	1980	5,177,000	October 1980.
		4,353,000	June 1982.
Subtotal		9,530,000	
Total		48,874,000	

Mr. HEFNER. Mr. Coleman.

Mr. COLEMAN. No questions.

Mr. HEFNER. Mr. Early.

Mr. EARLY. No questions.

Mr. HEFNER. Mr. Rudd.

Mr. RUDD. I was looking over the areas that would be reprogramming, that would be secure, and it shows a lot of work and work on prioritizing, if I read it correctly, and I am not sure that I do, but if you do, I compliment you.

I don't have any questions, Mr. Chairman.

Mr. HEFNER. Mr. Lowery.

Mr. LOWERY. No questions, other than to say obviously we need it, but I likewise share the concern of my colleagues, the process that is being used for obtaining funds. I would support it under a normal budget request.

General WRIGHT. I think it is the timing of the requirement, Mr. Edwards and Mr. Lowery. We feel as though we need to get on with it. As we get downstream there are several launches that would be at risk without this secure, reliable power. We are only talking, I recognize, a matter of months, but in this program that can mean significant delays and an impact in dollars.

Mr. LOWERY. Your first launch is September '86?

General WRIGHT. Yes, sir.

General KUTYNA. That is the first critical launch ———. ——— in March of 1986.

Mr. LOWERY. From Vandenberg?

General KUTYNA. Yes, sir. The DOD critical launch is in September 1986.

Mr. EDWARDS. Your projected that you will be able to meet that?

General WRIGHT. We are going to try.

Thank you, gentlemen.

We have to make decisions realistically on how much time we want to take with these. We have had a pretty good discussion.

[CLERK'S NOTE.—An additional question submitted by Mr. Hefner is as follows:]

Question. Has the Air Force made a definite decision to use the September 1986 shuttle launch at Vandenburg for this critical payload, rather than using a complementary expendable launch vehicle?

Answer. Yes. The payload in question is optimized for launch by the shuttle from Vandenberg Air Force Base, California (VAFB). The Complementary Expendable Launch Vehicle (CELV) will not operate from VAFB; rather it will launch from Cape Canaveral Air Force Station, Florida beginning in October 1988.

[CLERK'S NOTE.—End of question submitted by Mr. Hefner.]

I will adjourn the hearing.

WEDNESDAY, OCTOBER 9, 1985.

SECTION 801 HOUSING CONTRACT AT HANSCOM AFB

WITNESSES

OSD

DOUGLAS FARBROTHER, PRINCIPAL DIRECTOR TO DASD (INSTALLATIONS)

AIR FORCE

LT. GENERAL MELVIN F. CHUBB, JR. USAF, COMMANDER, ELECTRONIC SYSTEMS DIVISION, AIR FORCE SYSTEMS COMMAND, DEPARTMENT OF THE AIR FORCE

MAJ. GEN. CLIFTON D. WRIGHT, USAF, DIRECTOR, ENGINEERING SERVICES, HEADQUARTERS, DEPARTMENT OF THE AIR FORCE

Mr. HEFNER. The committee will come to order.

STATEMENT OF THE CHAIRMAN

In late May the department notified the Congress of its intent to enter into a contract to lease, for 20 years, 163 housing units at Hanscom Air Force Base, Massachusetts. The cost of this lease, as reported, was $1230 per unit per month. The committee did not act on this request until September because of delays in the authorization.

On September 16, 1985, the committee sent a letter to Mr. Douglas Farbrother expressing our disapproval of this proposal. Members of the subcommittee may recall that this was discussed at the markup of the 1986 bill.

On September 27, 1985, the Air Force, with the concurrence of the Office of the Secretary of Defense, entered into this contract. This lease, which commits the government to expenditures of $50 million, was entered into despite the committee's objection. At no time between the day our letter objecting to this proposal was sent, and the day the contract was signed, did the Air Force or the Secretary's office contact the committee appealing the committee's decision.

The entire framework of law involving military construction procedure is structured to give the department and the Congress the appropriate amount of management flexibility, while preserving the prerogatives of each branch of government. The procedures for numerous aspects of military construction process such as planning and design, reprogramming, minor construction and leasing notifications are structured around a 21-day notification period, during which the four appropriate committees of Congress act on the specific proposals.

Although the law does not specifically state that an objection from any of the four committees should result on a denial of such a request, it has always been our assumption that the department would respect the committee's perogatives. When the bulk of these procedures were codified in law in 1982, the Appropriations Committee agreed to this method of interaction on the assumption that its views would be respected. In other words, the entire framework of law involving military construction procedures is structured around a relationship of trust.

In my view, this relationship has been seriously eroded by the department's signing of this contract, and we are here today to determine not only what happened in this instance, but also to explore whether changes in current laws or procedures are necessary.

The primary purpose of today's hearing, however, is to find out why the Air Force, with the concurrence of the Secretary of Defense office, entered into this agreement, despite the committee's objection.

Gentlemen, just as an aside, we here in the Congress are mandated to reduce spending across the board. This means defense is also included because it is almost a third of our budget. When it comes to high cost housing like this at Hanscom Air Force Base, as well as many other reprogramming requests that result in overruns, we are going to stand firmly and say no to costly overruns and no to high cost projects.

I personally am going to take that position and I think Mr. Edwards has stood with us, and Mr. Early. Now, we have been forced because of budget restraints and allocations that we have, we have been asked to reduce our budget by almost $2 billion. This is no easy task. There has been a lot of heartburn to many people and a lot of other members, both Republican and Democrat. We have had to come in with cuts and we have done so on a priority basis.

So we are not going to be adversaries, but we are going to be tough to deal with on cost overruns, because we can't afford them and we are going to really know where we are going or we are going to be hardnosed. Not that we haven't always tried to protect the taxpayers money, but we are absolutely going to look at these things because we have no other choice.

So I want to keep that in mind on reprogrammings, and things that you bring before this committee.

Before I have any questions, I would like to yield to Mr. Edwards, if he has anything to say.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. EDWARDS. I would just like to concur, Mr. Chairman, with what you said about the fact there is a relationship that exists that has been based on trust. I hope that the representatives of the Services understand that while the statute does not specifically require that you refrain from entering into contracts or taking actions if one of the subcommittees objects, it is a very simple thing for us to change the law, and if we decided to codify that arrangement, we could do it very quickly. It has been our restraint that has caused the flexibility of the relationship that we have had and we want to keep it that way.

We don't want to go to the floor of the House and Senate and change the law, but we can, and we consider that in the relationship, the congressional role is very important and we expect the Services to respect it. So that is all I would say. The statutes do not prohibit action by the Services, only because we have voluntarily restrained ourselves and that is a change we can make any time.

Mr. HEFNER. I would go further. My friend Duke Wright, I was very upset when I called you, and I probably said some words that were not very complimentary to my Southern Baptist background. For that, I apologize. I don't apologize for the position we took.

At this time, do you have a statement?

STATEMENT OF MR. DOUGLAS FARBROTHER

Mr. FARBROTHER. Yes, I have a brief statement.

Mr. Chairman, members of the committee, I appreciate this opportunity to discuss the build-to-lease housing project at Hanscom Air Force Base.

Congress authorized a pilot program, limited to six projects of no more than 300 units each, in which a private contractor would build and operate family housing under a 20-year lease. Hanscom Air Force Base was one of the sites chosen. The pilot program is to test the economy of this approach compared with the usual method of building and operating our own houses for military families.

The statutory requirements include:

Competitive bidding;

Economic analysis demonstrating that the proposed contract is cost effective;

Submission of the economic analysis to the appropriate committees;

A 21 calendar day wait after the receipt by the committees; and

No contract could be awarded after 1 October 1985.

The Hanscom Air Force Base project was competitively bid and an economic analysis showing the cost effectiveness of the proposed contract was sent to the House and Senate Armed Services and Appropriations Committees on 31 May 1985.

On 16 September, this committee notified me in writing that you did object to the proposed project, citing as your main concern the high cost.

The Air Force was then contacted by me and advised that if the cost could be reduced, approval would be granted to enter into the contract before the statutory authorization expired. I then signed a letter to you on 27 September, that we were proceeding at a reduced price. The contract was signed on 28 September.

Mr. Chairman, a breach of the long established process between the department and the Congress occurred. We should not have proceeded with the contract without your approval, and I publicly apologize to you and the committee for the breach of conduct. Because the contract was entered into without your approval, the contract is being terminated.

That concludes my formal statement. I am prepared to respond to any questions you might have.

Mr. FARBROTHER. I have with me to assist me General Wright, and from Hanscom Air Force Base, Lt. General Chubb.

RESPONSIBILITY FOR APPROVAL OF CONTRACT

Mr. **Hefner**. Explain to the committee why this agreement was entered into despite our objection.

Mr. Farbrother, your statement indicates that you contacted the Air Force and informed them that you would approve this contract if the costs were reduced. Can you explain when you took this action and why you felt it appropriate to assume this authority?

Mr. **Farbrother**. Mr. Chairman, it was an error on my part. I didn't have a full appreciation of the longstanding relationship between the committee and the department and I believe I acted beyond my authority. It was a clear breach of procedure.

Mr. **Hefner**. If it was the Air Force's intention to renegotiate this contract based on the committee's objection to its high cost, why were we never contacted prior to its signing?

Mr. **Farbrother**. I have no excuse for that. I could have picked up the phone and tried to call you. Time was short because the authorization was expiring but I still could have tried to contact you and get your approval.

Mr. **Hefner**. General Chubb, can you tell us what your role was in the signing of this contract and whether you felt it appropriate to enter into it despite the committee's objection?

General **Chubb**. Once we are advised by the Department of Defense to proceed, then we follow what we are told, and from where I sit, the instructions to us were that the committee was concerned with the cost and the cost ought to be reduced, so we aggressively set out to reduce the cost.

Mr. **Hefner**. Well, so in your opinion, there was no point in talking to us. If you got the program reduced 5, 15, 20 percent, then the committee would be happy with that. You felt no need to contact us because you reduced it?

General **Chubb**. I think it would be inappropriate for me, from the field, to contact you.

Mr. **Farbrother**. I should have contacted you.

Mr. **Hefner**. Do you feel that the committee was justified in denying this project?

General **Chubb**. No, sir. I have been up there one year and the number one problem that hits me on a daily basis is the terrible housing situation. In fact, I have a system where one month after a person arrives he has to send me a letter and give me all his complaints, and is not allowed to sign it.

Mr. **Hefner**. I appreciate that. I have the same thing at Fort Bragg and bases all over the country, that is the number one problem. But regardless of cost——

General **Chubb**. No sir, not regardless of the cost. In fact, I thought we held a very good competition. I was source selection authority in the competition. The competition was so rigid that out of 52 guys that took RFPs, only four chose to respond, and in fact, we picked the third, picked down three. Two of them were more expensive and I thought we did everything we could to get a fair deal for the Air Force. I thought it was an excellent competition.

Mr. **Hefner**. Well, the Air Force renegotiated the price of this contract with the winning proposer in late September. Were the other bidders also given a chance to lower their bids at this juncture?

Mr. **Farbrother**. I would like General Chubb to respond.

General **Chubb**. When we got to late September, we had been through a Davis-Bacon discussion with the Department of Labor because the Davis-Bacon Act was applied. We then went back to all the contractors and at that point, everybody exceeded what we considered to be a fair price except the one that we selected finally to negotiate with.

So, at that point, by the rules we follow, we had a selection and that is the man we should talk to. The others were out of the competition at that point.

When Davis-Bacon was applied, the bidders went to a cost we could not afford and we had already eliminated two because of their cost at that point. So it was appropriate that we try to get the best deal we can from the man we had selected.

POLICY AND PROCEDURE CHANGES

Mr. **Hefner**. Thank you.

I would like to ask you again, Mr. Farbrother, is it going to be your intention to ignore this committee's objections on future issues such as reprogrammings, planning, design notification, or construction?

Mr. **Farbrother**. No, sir, it is not.

Mr. **Hefner**. Do any of you feel that changes in current law or procedures are necessary in order to preserve congressional prerogatives and prevent this this kind of thing from happening again, as Mr. Edwards talked about?

Mr. **Farbrother**. No, sir. I believe that this was a single error and should not be interpreted by the committee as an intent to change the relationship between the department and the committee. In fact, Mr. Taft, the Deputy Secretary, signed a letter to you which I believe you received this morning, saying it was an error and that the relationship and process that we normally follow is important to the department.

TERMINATION/SUSPENSION OF CONTRACT

Mr. **Hefner**. Also it is my understanding that the contract is in no-cost suspension status. Explain what that means.

Mr. **Farbrother**. The contract has been ordered terminated. Secretary Taft ordered it terminated when he got your letter and the Air Force has suspended action on the contract so no more money will be spent. There is no cost being incurred right now while they are trying to figure out the best way to terminate the contract with the least liability to the government. That is why it is in suspension.

Mr. **Hefner**. When do you anticipate this will be cancelled?

Mr. **Farbrother**. As soon as we make a decision on the appropriate way to proceed with it.

Mr. **Hefner**. What are your estimates of termination costs for this contract?

Mr. **Farbrother**. Our estimates have been supplied to your staff. I prefer not to discuss them now because they will become subject to negotiation and possibly court proceedings, so that we wouldn't want to publicly talk about our estimates right now, but I can tell you there could be substantial costs involved.

Mr. **Hefner**. Why is there no termination for convenience clause in this contract?

Mr. **Farbrother**. The model of all of the section 801 contracts that was developed by the Department of Defense specifically excluded the usual termination for convenience clause. In fact, it is often excluded on long term contracts. The reason is that it becomes very difficult, nearly impossible, for the developer to get financing. He can't take that kind of contract to the bank.

Mr. **Hefner**. Well, so here we are. So now the government is going to have to pay and we are going to build some houses. Now here we are, it is going to cost us God only knows what to terminate this contract. We are going to get nothing for it. Gee, I am sorry, the excuse is we just made a mistake and when I was told I didn't think it would be, I thought everything would be okay because we got the price down and we didn't know that you would object, and it plainly says in the letter the committee's position. I don't know what it is going to cost. The government is going to have to pay for something we didn't get. We get nothing for it.

Gentlemen, this kind of upsets me. I don't know about the rest of the committee but it seems to me that we didn't just arbitrarily say fellows, this is a little high. It was a lot high. We don't have a precedent anywhere that I can find, and staff can find, where we approached anything like this magnitude of cost. It was completely out of reason, in my opinion. So we didn't ask you to come over here to berate you or belittle you, we are a bit upset.

At this time I would like to yield to Mr. Edwards, if he has any questions.

Mr. **Edwards**. Well. I certainly agree with the chairman that the cost was excessive.

I understand General Chubb's concern for housing. I have an air base just outside my district. I know how important housing is. Fifty million dollars is a pretty expensive test, but I really want to get down to why the decision was made.

Mr. Farbrother, I apologize for not knowing more about your background. How long have you been in the job that you are in now?

Mr. **Farbrother**. I have been in this job about four years now.

RATIONALE FOR PROCEEDING WITH CONTRACT

Mr. **Edwards**. Four years. The idea of suggesting that you just didn't understand, didn't realize the nature of the relationship with the committee may make sense if you were a new appointee who had been in the job for a few months, but I am surprised if you have been there for four years and have had a number of occasions where the committees of Congress have turned down requests, that you would be caught by surprise.

Mr. **Farbrother**. I didn't mean to characterize it quite that way. First of all, most of these actions never reach my level. The committee deals directly with the military service involved and by and large, I don't even know what has been decided. This was unusual in that it did come to my attention.

I wasn't unaware of the usual practice. I didn't have enough appreciation of the seriousness of it. I felt that since I was operating within the letter of the law and that we were reducing the cost, which was the main concern, that I could proceed.

Mr. **Edwards**. Who did you talk to about that decision? Did you do it without consultation with anybody? Did you call or talk to General Wright? Who did you consult with before you made this decision?

Mr. **Farbrother**. Well, I didn't consult with anyone else in the Secretary of Defense's office. I did talk with people in General Wright's office.

Mr. **Edwards**. Duke, what was your recommendation? Did you advise him of the seriousness of proceeding over the objections of the committee?

General **Wright**. Yes, sir, I was in this. The recommendation that we made to Mr. Farbrother, the suggestion that we proceed with this was based on sheer frustration, Mr. Edwards. We needed this project badly. I recognized that emotions of the time overtook us, but we feel as though—and Mr. Hefner—the cost of this project in all due respect, sir, I don't believe is that unreasonable when you look at the composition and makeup of the project.

I know we don't want or need to get into the details of the cost today, but when you compare other initiatives and other military construction we are not really out of line.

Mr. **Edwards**. I understand that you would have that position.

General **Wright**. If we had been high, I wouldn't be supporting this project all along.

Mr. **Edwards**. I think it is a reasonable disagreement. I don't question your seriousness and good faith in reaching the conclusion that it is a justified project. But, it seems to me, Mr. Chairman, that we have carried it a little bit further, because we started out a short time ago with Mr. Farbrother essentially saying this was his decision and he made a mistake and he didn't appreciate the seriousness of it and now General Wright, you are saying that the Air Force, your office, recommended that the contract be negotiated——

General **Wright**. Yes.

Mr. **Edwards**. Despite the objection.

General **Wright**. That was an error in judgment. I have worked with this committee for many years, as you know, sir, and certainly I regret that error, but again, we felt as though we were running out of authority, the test authorization expired the 1st of October, we just made an error in judgment and I regret that very much.

Mr. **Hefner**. Would you yield?

Mr. **Edwards**. Yes.

Mr. **Hefner**. Duke, I understand your frustration. You have to understand our frustration. We have accommodated you when you have been here for projects in Wyoming, Vandenberg, all these places where we sit down and we talk these things out. We could always come to an accommodation. I know it is frustration for you. That is really not out of frustration; it is a necessity. Everything is a necessity.

We have always tried to accommodate you, but on the gentleman's time, it seems to me if you look at these numbers you've got to realize that this is excessive, if you compare it to any other area of the country, any other high cost area of the country.

Go ahead, I will go on my own time.

Mr. EDWARDS. Go ahead.

COST ANALYSIS AND SECTION 801 PROJECTS

Mr. FARBROTHER. I was going to say something about the cost. Those numbers do look high but there are other factors involved. Neither you nor I are used to seeing this kind of analysis. What we are seeing here is the cost not only to build but to maintain these housing units over a period of 20 years. Normally when we look at a military construction project to build housing, the decision to maintain and operate those at an adequate level is implicit. We don't see the costs because they are in some other account over the course of many years.

We also have in effect the debt service being carried here, the cost of money. Normally we don't see that in our military construction costs. That is something that the Treasury handles for us. So this is unusual in that regard.

We are also seeing, compared with regular private sector costs, an absence of accelerated depreciation that is allowed in any other private building project. We are required to amortize this for tax purposes for the full 40 year depreciation schedule rather than the accelerated depreciation. That gives a substantially different picture.

Mr. HEFNER. You were doing what, you were amortizing?

General WRIGHT. Those are all requirements of——

Mr. HEFNER. What you are doing here, you have got a 20-year lease and you have got an additional 12-year lease. That is the way we see it, is that after 20 years, the developer, entrepreneur, or whatever you call him, has a 12-year extension on the lease so that he can do what he wants to do. We have never paid this much. I called around to contractors around the country asking what would be the cost of it and if you don't consider the land, which we are not because it is our land, around $43 a square foot. Okay, go $20 more a square foot, it doesn't even get you to the price of the unit that you are figuring. Somewhere in the neighborhood of within $100,000 per unit.

Mr. FARBROTHER. The basic price calculation starts with $46 a square foot. That is technically to the five-foot line. It doesn't include site preparation and roads. That is what all of our housing prices are based on. And that was the basis that was used to develop the alternative costs if we had used military construction.

What I am saying to you is that there are costs in here that you don't normally see in a military construction project. In fact, don't normally see in a private sector development, because of the difference in the tax depreciation schedule. But what we did get, what is asked for in the law and which was provided, was a thorough economic analysis that takes all of those factors into consideration and compares the total cost with the regular military construction project. What the economic analysis showed was this was cheaper, otherwise, the proposal never would have come to you.

General **Wright**. I agree you can call around—and I have done it and our people do it—and talk to any number of people who would give you a lot of numbers, but they don't really think through the total issue, the total project when they are doing this. We have experience on houses recently constructed that show the costs are much higher than $46 a square foot and are much higher than those that you have been given.

The estimating and cost comparison is an imprecise science. It is driven by the economics, by the location, by the marketplace, and it is very difficult. You have heard me say before, sir, that the dynamics of this industry are difficult to predict from year to year. You have seen a swing here in this committee from a shortage of funds to a surplus of funds that created the so-called savings projections and it is just very difficult to precisely define.

Mr. **Hefner**. Well, you still have the rent well over a thousand dollars a month. I don't think the developer—I don't know who he is—I don't think anybody would enter into this agreement unless he thought it was a hell of a deal.

Mr. **Farbrother**. Certainly he is in it to make money and competition is designed to make sure——

Mr. **Hefner**. And the whole fact remains when you did all this analysis and came before this committee, we said it is too high, you should not do it. In spite of that, you did it. That is the whole ball game. We can talk about all the other things you want to talk about. We looked at it and we are not complete novices at this thing, we have got about $10 billion, $9 billion that we spend all over the world. We are not complete novices.

And Duke, you can call around, but these developers and builders don't know what they are talking about, an awful lot of them out there have built thousands of houses that can give you some ideas and most of these they build their own roads and—I went over to one of my friends with this and he said I will do this, I will take it, I will close up shop and I will go to Massachusetts and I will do it and do it cheaper than that. I will take the whole project.

Mr. **Farbrother**. Mr. Chairman, just one thing. I will defend the cost. I believe it is reasonable. I believe that the numbers that you see are unusual and they are misleading if taken on their face value. I would defend the cost. I would not defend our going ahead without your approval.

CIVILIAN OVERSIGHT

Mr. **Edwards**. If I could get back to the main point. I think it was quite obvious that the committee disagreed with you about whether or not it was a reasonable cost, but that is really almost beside the point because you always had the option. We have worked together a long time. You had the option of calling the chairman and saying look, when we had our hearing we really didn't think we made the best case we could have for Hanscom Air Force Base, we think that we could convince you otherwise. Could you get the group back together. I think that was doable.

My concern is this The services have a very important obligation to the country but have always and will always be under civilian control. Now, there are three parts of the civilian control of the military. One is the Secretary of Defense, which is civilian. The second is the President. And the third is the Congress. Now, it wouldn't have made any difference if this decision had come from you, Mr. Farbrother, or had come from Secretary Weinberger, or had been a directive of the President of the United States. It is the Congress, and only the Congress, that determines the spending priorities and the appropriation of funds. That is what I think is important.

Surely you are frustrated. We are frustrated all the time about things that happen here, decisions we don't prevail on. The point is you don't have the authority to make a decision on your own, just because you don't like what we did. We determine what money is going to be spent and where, and that is the part that bothers me, not the cost.

We waste money on some projects, we save money on some projects, but what is very important is that the Pentagon never makes the decision internally that if they are frustrated with the decision by Congress they will just go ahead on their own.

We can't have that. That undermines the very basics of the system of government that we have.

So you have apologized. I would say to General Wright, Mr. Farbrother has assured us that his decision would not be repeated. I hope that you have enough good relationship with the committee, General Wright, that if you feel like the case needs to be made more strongly, you will come to the chairman and say that you would like to do that, but that you will not recommend to others in the Pentagon that you proceed without the approval of the committee, because that is a very serious breach in the relationship.

General **WRIGHT**. I understand that and I will accept the responsibility.

Mr. **HEFNER**. Mr. Early.

VALIDITY OF ECONOMIC ANALYSIS

Mr. **EARLY**. Thank you, Mr. Chairman.

Mr. Farbrother, I have problems. The chairman wrote you a one page letter that the committee objected, and he said the primary reason for the objection was the high cost. But he also said the committee has reviewed the economic analysis and finds that the assumptions on the cost of building new housing are flawed. In addition, the analysis did not take into account, et cetera et cetera.

It wasn't just the housing. Did you go to the committee for approval to reduce the cost? You are suggesting you made a mistake. We all make them. How many mistakes are involved in this?

Mr. **FARBROTHER**. The mistake was not going back and trying to get the committee's approval.

Mr. **EARLY**. On the cost. But that wasn't the only thing that was bothering the committee.

Mr. **FARBROTHER**. If the committee was uncomfortable with the economic analysis, the same goes for that.

Mr. **EARLY**. He said that in the letter.

Mr. **Farbrother**. Yes.

Mr. **Early**. We don't speak to that. It just apologizes for one specific part.

General Wright, you just said that with regard to the economic analysis, I think referring to the private sector, you said others don't think it through. The committee thinks it through.

General **Wright**. I wasn't talking about the committee.

Mr. **Early**. Why didn't you come back? I am from Massachusetts. I have an awful lot of problems with the economic analysis.

Let's go back to Mr. Farbrother. You are suggesting in your letter of September 27, to the chairman, you said the economic analysis for the building lease project at Hanscom Air Force Base was prepared in accordance with standard established procedures. The alternative of relying on the basic quarters allowance plus the variable housing allowance because this alternative was not available.

Mr. **Farbrother**. What that means is that there is no housing at the price that the airmen can afford under their housing allowance in that area.

Mr. **Early**. I disagree with that. I disagree with that. If you go down toward Boston, you'll give us Boston prices. Tell me where do your personnel at Hanscom live?

General **Chubb**. Lexington, Concord.

Mr. **Early**. Come on now, Lexington is one of the most exclusive parts of the State of Massachusetts.

General **Chubb**. I am sorry, Mr. Early, I misunderstand the question. I thought you asked where are we located. No, the people live throughout the sectors, primarily west, north and east and up in New Hampshire, because they can't afford the housing in Massachusetts. So a great deal of them live in New Hampshire and drive an hour and a half each way.

Mr. **Early**. So they don't live in Lexington, don't live in Concord?

General **Chubb**. They do not. They cannot afford it.

Mr. **Early**. They don't live in Boston unless they want to go in there for the activity. They don't go to Boston to get low prices. It is expensive. I have gone there, Mr. Farbrother. You are telling me there is not space in rentals available in New Hampshire, toward New Hampshire, to go up toward Fitchburg, Gardner, Leominister, Sterling, Lancaster, or any of those towns?

Mr. **Farbrother**. Our process, I believe, is agreed to by the committee. If there is a certain distance involved, or time it takes to get to work, we then qualify for a valid requirement to build on base. That has not been challenged by the committee, as far as I know.

Mr. **Early**. We told you we thought a lot of the economic analysis was flawed. We wanted to look at some of that thinking.

Mr. **Farbrother**. Yes. There was a challenge to the economic analysis, although I would say it was done in accordance with the OMB regulation, it was approved by OMB, done precisely like all the other economic analyses on these projects. I believe this one was reviewed several times by GAO.

Mr. **Early**. This committee was upset and not totally in agreement with OMB and with GAO. We think you are paying too much. I certainly think you are paying too much for this housing. You don't even have land acquisition costs involved. You are giving us these numbers. You didn't even come back to the committee. You just went and signed a contract on September 27.

You know, you apologized for that, but, General Chubb, all over the Pentagon you told us to go to hell. That is really tough to take. It is tough just to come in here. If it wasn't for the chairman and Mr. Edwards' letters we wouldn't be at this stage—telling us just forget it.

Mr. FARBROTHER. Certainly the Pentagon is not telling you to go to hell.

Mr. EARLY. You did.

Mr. FARBROTHER. Mr. Taft's letter makes it clear it was an error. This relationship is an important one and because of the breach, we are terminating the contract.

Mr. EARLY. Maybe to Mr. Hefner and Mr. Edwards. The usual approach around here when the Congress tries to tighten up they try to get a dollar's worth for a dollar spent, they will tell the Department of Defense, the Defense does what they want to do. Then if they get called on the carpet they come in with this type of approach and say we made a mistake.

I have told Mr. Hefner, I told Mr. Edwards, we can go through all this rhetoric, but until we cut your money, we are not going to get any results. I have already spoken to Mr. Hefner on a project, maybe we need this. We probably do need it. All the committee wanted was to justify it.

I don't even know this developer, probably one of the best. We probably wouldn't have opposed it if you had come back in and asked us—appealed it—and scaled it down, or at least told us why. Maybe you would have said it shouldn't have been scaled down. The committee would have listened.

It is a tough situation, Mr. Hefner.

Mr. EARLY. General Chubb, how many people live in Boston—your personnel?

General CHUBB. I have roughly 800 to 1,000 living off base They live all the way up in New Hampshire. They live west of where we are, and they live north and east. Very few live in downtown Boston.

AREA HOUSING COSTS

Mr. EARLY. The economic analysis is based on the Boston prices.

General CHUBB. I think the economic analysis is for the whole area they live in, sir. I have a whole package of that listing everything you are asking—the vacancies, the average cost of housing. It costs those folks around $12 to $13,000—the lowest price a year to live on the economy in the whole Boston, Massachusetts area. Low grade folks are making around $15, $17, $18,000 a year, and they have to take out a $5,000 loan just for the privilege of being in the Air Force in the area. It is just terrible. Those houses run $100,000 tc $135,000. They are nothing but cracker boxes. I have got person after person coming in. I would be glad to have you read our letters.

Mr. **Early**. Which houses are $135,000 that are just cracker boxes?

General **Chubb**. The houses that surround us in the 40 mile area.

Mr. **Early**. You are kidding, General. You have got to be kidding.

General **Chubb**. I am not.

Mr. **Early**. You go to the Fitchburg, Gardner, Leominster, a $135,000 house is going to be one of the most exclusive houses there.

General **Chubb**. I have got the papers right here.

Mr. **Early**. What papers do you have?

General **Chubb**. This is right out of the supermarket. It is Billerica. That is not a high price area.

Mr. **Early**. You are talking about a Concord, Lexington with those prices.

General **Chubb**. Sir, I am not. In fact, I have right out of the economic analysis that those average costs run $130 to $135,000.

Mr. **Early**. Where?

General **Chubb**. In that section of Massachusetts.

Mr. **Early**. You just said we are not going in a southerly direction, because when you go from Gardner and to to Concord, go to Lexington, and go to Boston, that is the high rent district. No question about it.

General **Chubb**. Sir, I have got a survey of what my people pay. I can read it right to you.

Mr. **Early**. Read it to us.

General **Chubb**. All right, be glad to. This is a letter. I have got a whole stack of these.

Mr. **Early**. Give me what they are paying in New Hampshire.

General **Chubb**. Hanscom Air Force Base has been by far the most difficult assignment I have received during my 19 year career. Right now I am renting a smaller place than I can use and I have no alternative, the rent costs me $725. My heating bill runs $300 plus gas, plus electric and another hundred——

Mr. **Early**. Where is that?

General **Chubb**. Financially I am digging myself in deeper every year. That is just one of a whole stack. They don't tell me their name or where they live, but they all live within a 20 to 30 mile radius of Hanscom Air Force Base. They all try to live within an hour so they are not driving too long.

Mr. **Early**. You want to tell me you are going to be renting in Gardner, Fitchburg, and Leominster and pay $700 a month?

General **Chubb**. I have a survey of every man living off base.

Mr. **Early**. Tell me where the survey is.

General **Chubb**. This letter to me is anonymous.

Mr. **Early**. Where does he live?

General **Chubb**. Wait a minute, Mr. Early, I instruct my people to write me and give me all their complaints four weeks after they have been on base. They do not have to sign their name and they can complain about anything they want. Almost all of these are complaints about housing and they are valid and we have checked them. We have surveyed our people. I have a number in the report. They are paying anywhere from $900 to $1200 to $1400, everyone of them, per month, to live and they don't make anywhere near that much money. Those guys are really going into debt just to be in the Air Force.

Mr. EARLY. Where are they living?

General CHUBB. They need help.

Mr. EARLY. We need some information. You can't even tell us where they are living.

General CHUBB. I can give you the addresses of every one of them. I can send you a computer list with the addresses of every one and I would be glad to.

Mr. EARLY. Tell me where they are paying $900 to $1400 rent in the general area.

General CHUBB. They are paying at Billerica, paying up until they get into New Hampshire. Once they cross into New Hampshire the cost drops down. They go out to New Hampshire and drive an hour and a half to get their darn costs down.

Mr. EARLY. Do you think we should be able to look at this economic analysis?.

General CHUBB. Yes.

Mr. EARLY. Because I disagree with you.

General CHUBB. Yes, sir.

Mr. FARBROTHER. Mr. Early, we will be glad to provide a detailed list of where people are living and at what places?

General CHUBB. Be glad to.

[CLERK'S NOTE.—The information is attached as appendix 1.]

DEFENSE LEVER REVIEW OF ECONOMIC ANALYSIS

Mr. EARLY. The chairman has asked you—I will conclude with this—the chairman has indicated to you that the committee found the analysis flawed.

General CHUBB. We had 27 reviews by every expert in Washington on that economic analysis over a period of four months. I don't think anybody that analyzed that thing ever came to see if we were right or wrong.

Mr. EARLY. Do you have a list of the 27 that analyzed it?

General CHUBB. Yes, sir.

Mr. EARLY. Would that be 27 from the Department of Defense?

General CHUBB. Yes, it was the Department of Defense, but there is no way they are going to submit anything to you if we make any mistakes. Everybody in the Department of Defense reviewed that thing from the time we submitted it in roughly March-April-May time frame, until the time that it was submitted.

Mr. EARLY. What is the committee supposed to do if we think the prices are too high?

Mr. FARBROTHER. The committee did just what they are supposed to do. They told us they objected to the project because the prices were too high.

Mr. EARLY. That was one reason. That was the primary reason.

Mr. FARBROTHER. And the economic analysis, the committee did what it was supposed to do, what it had every reason to understand what would be an effective course of action. We erred by not going back to the committee and explaining to them why we thought this was an economically feasible problem.

We erred in not going back and explaining to the committee we are dropping the price and need to proceed.

We erred in not getting the committee's approval of this project before we went ahead, and since we erred, we are ordering the termination of the contract.

Mr. **Early**. This project has been justified partly on the assessment that it is a test program, right?

Mr. **Farbrother**. It was a limited test, that is right. It was authorized.

Mr. **Early**. Section 801 authorizes a test program?

Mr. **Farbrother**. Yes sir.

Mr. **Early**. Do you feel the government should spend over $50 million as a test of the lease housing alternative?

Mr. **Farbrother**. The Government spends that kind of money everytime we build a housing project.

Mr. **Early**. That is the problem, the Government spends it all the time. That is what Mr. Hefner has been trying to tell you. We are trying to correct some of that.

Mr. **Farbrother**. Mr. Early, when we build houses, there is a cost of construction, there is the cost of money, that is borne largely in the Treasury, there is the cost of operating and maintaining those houses for as long as we are going to use them, which is in every case well over 20 years. Those costs are all there everytime, regardless of what the front end price is of the project.

Mr. **Early**. No question about that. In most cases land acquisition costs too.

Mr. **Farbrother**. When it is not on base.

Mr. **Early**. Sometimes.

Thank you, Mr. Chairman.

TERM OF LEASE

Mr. **Hefner**. Well, just in this contract, you have allowed a lease of the land for 32 years.

Mr. **Farbrother**. Yes, sir.

Mr. **Hefner**. After the 20 years, the way I read it and understand it, after 20 years—I am assuming Hanscom Air Force Base is still going to be there—after that the developer can say we are going to go condo or change up here. We are going to get better use for these. So he has 12 more years he can do anything he wants to.

We did a little estimate of our own for these 136 units, and we estimated we could build them for $14.2 million. That is $87,000 per unit, or $66 per square foot. Would you agree that this would be somewhere in the ball park?

Mr. **Farbrother**. No, sir, I don't. First of all, I want to correct a misunderstanding that you have. The Government does have some rights and protections for the additional 12 years, and when we are finished with this, General Chubb can tell you what they are.

Mr. **Hefner**. I understand that. They can compete for a lease, but they don't have to the way I understand it—correct me—if the entrepreneur-builder says we are going to lease, you have got an option to bid. If it is not what he wants, he doesn't have to take it.

General **Chubb**. We have first right of refusal, which means we control—it is up to us. He can only do that if we say we don't want it anymore.

Mr. **Hefner**. He sets the price, doesn't he?

General **Chubb**. No, sir; it is a fair negotiable price. He cannot unilaterally set an unreasonable price; absolutely not.

Mr. **Coleman**. I guess I have some problems with the last question. I won't go into the lease thing because I am not advised as to what all is in that agreement.

Twenty years from now, what may be reasonable and negotiable may not be something we want to do, I guess, if we had this choice now, so I can't project that 20 years, and I am not sure we ought not to be building rather than leasing. I understand it is a project that was approved, I guess.

CODIFICATION OF APPROVAL PROCEDURES

I want to get back to what the ranking minority member highlighted. That is, the issue that I have been working on, the statutes as to how we deal with military construction projects. I am new to the committee. I am fully aware that in the chairman's statement that I read—I apologize for missing it—he says although the law does not specifically state that an objection should result in denial of such a request, I am just wondering what your view was. Shouldn't we change the law and make certain that is in the statute, that in fact if one of the committees objects, that that kills it? Is that what we ought to have in the statute?

Mr. **Farbrother**. No, sir.

Mr. **Coleman**. Rather than the relationship of trust, all that?

Mr. **Farbrother**. No, sir, I don't believe that it is the thing that should be done in the statute.

I believe that what I am trying to do is reestablish this relationship of trust. This was a single occurrence outside the boundaries that the Secretary agrees that we ought to be operating within.

Mr. **Coleman**. I understand that and I know you can't very well put yourself in the position of trying to deal with outrageous citizens, or citizens who are outraged is a better way of saying it, about where we are headed in terms of spending and costs on projects and particularly as it relates to the Department of Defense.

I think overall, in terms of the entire spending of the United States, I just wonder whether or not we better not try to get—I submit to you the only reason I raised the question, there are a number of us, extremely concerned about the fact we don't have a handle on this, I guess is the best way to say it—and so what I am asking you is, whether or not in trying to get a handle on it, we shouldn't put a thing in the statute. We ought to spell these things out by federal law so that—as you put it, even you complied with the letter of the law, but you won't be there 8 years from now maybe, or maybe you will, but at least at some point in time somebody else will be there and we have to reestablish things all over again. Shouldn't we go ahead and put these things in writing?

Mr. **Farbrother**. Well, I think we are better off with the arrangement we have. I am not a lawyer. I believe such a law would be challenged on constitutional grounds.

Mr. **Coleman**. On what basis?

Mr. **Farbrother**. Legislative veto. As I said, I am not a lawyer. I think we are better off trying to operate informally.

Mr. **Edwards**. I would say, Mr. Farbrother, I am a lawyer. If you think there is a constitutional challenge that would hold up the Congress determining the line item expenditures and appropriation of funds——

Mr. **Farbrother**. You can certainly do that. I was speaking to the codification of an informal process by which the committee can stop the execution.

Mr. **Coleman**. The only point I was going to make is it is not a veto as long as we are in the process at the outset. That becomes the issue. I think that is where a lot of us fail. We have to get into the whole business. I have to tell you if we are not, as members of the appropriations process, if we are not in the Congress at least one member, one committee, one subcommittee, if we don't have that ability, there is no point in us being here absolutely, if we can't—if our duties are indeed to decide where we spend funds—then I guess we ought to not be here. That is the only point I would make.

I am looking seriously at many things. The entire reprogramming issue is one, and I am not sure that it is just the Department of Defense, but while I am on this committee, I am forced to be concerned with that reprogramming. We ought to get the money back if reprogramming is not approved. I don't think it has happened. I think there are a lot of those kinds of things we ought to be looking at in overall overview.

I think we have raised another one.

Those are the only comments I have, Mr. Chairman. I appreciate it.

Mr. **Edwards**. Let me make this comment, following up on what Mr. Coleman said. In the changes that we are proposing in the reprogramming procedures, I know we had the option of putting a lot of that in the statute and we went report language instead. We went report language because of the understanding that there is a relationship of trust and predicated on the assumption if we put it in the report language it will be abided by.

I have got to say, General Chubb, I appreciate that fact that you are for your men, none of us want to see people have to make a great sacrifice in order to serve their country, and I appreciate your doing that. But, I also imagine that General Wright was under a great deal of pressure, that he didn't just originate the idea of suggesting that the committees recommendation be ignored and that he probably got a lot of pressure from people in the command. I would urge you also to accept the fact that you could make your case as well as you can, but ultimately we are the ones who have to decide where the money gets spent, and not lean too heavily on Duke when he has been told by us it can't be done.

General **Wright**. I know how to say no, sir. Again, I feel very badly that I have broken the trust with this committee, because we have had a good relationship and I hope we can continue it. Every now and then we make mistakes. Unfortunately, this was a big one.

LONG-TERM GOVERNMENT LEASE OPTIONS

General **CHUBB**. Mr. Chairman, I investigated this after "20-year" issue. I had my folks check it. We are pretty tough operators, and we have got this thing locked in where there is no way in the world he can charge us any different than the lease now unless he wants to appeal that the fair market value is different. This is right in the words of the contract, and he has to prove that he is not receiving fair market value. I don't think there is any way.

Mr. **HEFNER**. What you are saying, at the end of 20 years that you would renegotiate on fair market value?

General **CHUBB**. We would continue at the same rate. If he thinks that is an unfair proposal and we are not giving him fair market value, yes sir, that is correct.

Mr. **FARBROTHER**. We can lock him into the same shelter rent that we pay the first year, that we pay the 20th year, and if we exercise the option, in the 32nd year.

Mr. **COLEMAN**. Can the rent go down?

Mr. **FARBROTHER**. The maintenance portion could. It fluctuates with the CPI.

General **CHUBB**. Yes, sir.

Mr. **COLEMAN**. After 20 years.

Mr. **FARBROTHER**. During the 20 years.

General **CHUBB**. Yes, sir. It can go down.

Mr. **HEFNER**. Your maintenance costs go up?

Mr. **FARBROTHER**. There are two elements of payment. One is shelter costs, cost of creating that housing, and to finance it. That is locked into the same amount year after year through the entire contract period and throughout the additional 12 maintenance years if we exercise that option; the payment of those units fluctuates with the cost of living.

General **CHUBB**. I thought we held a very tough competition.

Mr. **FARBROTHER**. It is another way to look at the cost. Twelve hundred dollars a month sounds like a lot now, yes; 20 years from now it won't. You have got to look at the full span of costs, all the costs involved, for the entire contract period and compare them with what we would spend to do it the usual way. The economic analyses are very rigorous and have shown this to be cost effective.

It is unfortunate that we have made this error in our procedure that caused us to lose a much needed and cost effective program.

Mr. **HEFNER**. Wait a minute. So what you are saying at the end of this hearing, because Congress insisted on our jurisdiction, we are the villains that are going to cost the government unfortunately?

Mr. **FARBROTHER**. No.

Mr. **HEFNER**. That is the way——

Mr. **FARBROTHER**. I don't want you to put us in the position——

Mr. **HEFNER**. I am not going to be put in that position because we are not.

Mr. **FARBROTHER**. You did not make the decision.

Mr. **Hefner**. We have put projects all over the world, we have put in projects for MX, Trident, for all of these things. You have come in and made the case, we have argued about it, we have always come through and we have been a responsible committee. We have done our job. It is not our fault this is unfortunate, General Chubb, it is not this committee's fault.

Mr. **Farbrother**. I agree with that.

Mr. **Early**. Are you suggesting that what this committee should do on all housing, as far as 20-year contracts is give them a lease for 32 years?

Mr. **Farbrother**. What we have shown in these six test projects—some of them were bid and we didn't get a good cost effective bidding, so we——

Mr. **Early**. The question is should we do this, should we give 32-year leases where we give 20-year contracts?

You just made the case to the chairman as to why it was good economics, safer to do it this way. If it is good for this project, maybe we should do it for all projects.

Mr. **Farbrother**. I thought the question was about build lease in general. Build to lease in general is shown in similar circumstances to be cost effective.

Mr. **Early**. I thought it was a 20-year contract and a 32-year lease.

Mr. **Farbrother**. Yes, sir.

Mr. **Early**. I listened to your response, both to you and to General Chubb, in which you said it was economically the way to do it. If it is, maybe we should do it with every one.

Mr. **Farbrother**. The law limits us to a 20-year contract. The law specifically says we can't go into a contract longer than 20 years. We have a 12-year option beyond that in the contract, which seems to me very protective of the Government's rights.

Mr. **Early**. So the committee should look to do that in every contract, to save money?

Mr. **Farbrother**. The contractors who have worked on these proposals tell us that since they have to take the tax writeoff over 40 years, it would probably be better economically to have a longer contract.

Mr. **Early**. For the contractor?

Mr. **Farbrother**. For both. They could give you a lower price in the beginning. We would still have to compare it to economic analysis for the usual build and operate to our own. It would probably be cheaper in the long run if we enter into longer term contracts.

Mr. **Early**. Thank you.

Mr. **Coleman**. Just a general question. Do you know, Mr. Farbrother, of any other projects that were gone ahead with that you didn't receive approval for by the committee?

Mr. **Farbrother**. No; this is the only one. Other projects were passed through the committees and received approval.

Mr. **Coleman**. When I asked that, I am not talking about during this calendar year, I am talking about in your four years in that position?

Mr. **Farbrother**. Not to my knowledge.

Mr. HEFNER. We are going to put together for your information, and give to you where we disagree with your economic analysis and let you look at it.

[CLERK'S NOTE.—Additional questions submitted by Mr. Hefner are as follows:]

LEASE TERM

Question. The length of the lease on the land for this project was extended to 32 years, after Congress was notified in late May on this project. Why was it necessary to extend this lease term and why was it granted?

Answer. On 31 May 85, the Air Force sent to the four Congressional Committees an economic analysis which demonstrated, on a sound economic basis, that a Build to Lease Project for 163 units of military family housing is the most economic alternative. In July 85, the Department of Labor ruled that Davis Bacon Act wages apply to on-base Build to Lease programs. Such clauses were not provided in the OSD model RFP and not included in the Hanscom RFP. In an effort to maintain economic viability, while accepting the Davis Bacon Act provisions, offerers were requested to reprice their proposal on a 32-year land lease basis. The land lease was extended to 32 years to reduce the annual cost of the Government through longer term financing.

Question. Were any commitments to lease this housing beyond the initial 20-year period sought, offered, or obtained by the Air Force?

Answer. There is no commitment on the part of the Government to lease the improvements for any period beyond 20 years. If the Government should decide to extend beyond 20 years, the contract holds that portion of the rent attributable to shelter constant throughout the option period at the same rate as the original 20-year period.

ECONOMIC ANALYSIS

Question. The Air Force used an estimate of $111,000 per unit as a construction cost in their economic analysis on this project. The Congress has never approved more than $90,000 per unit for family housing within the continental United States. Explain why this figure was used in your economic analysis.

Answer. The total cost per house is largely a function of the size of the house since the Area Cost Factor and house unit cost are provided by OSD. The houses to be built at Hanscom are 20 to 30 percent larger in net area than most congressionally approved housing projects due primarily to two factors:

a. There exists adequate on-base housing of the two-bedroom type, hence the Hanscom housing requirement consists of three and four bedroom airman and officer units. Three and four bedroom units are high cost with low availability in the civilian communities.

b. Hanscom AFB is an Air Force Systems Command development base with a very high percentage of acquisition officers (Engineers, Program Managers, Funds Managers and Procurement specialists.) The Hanscom officer grade personnel represents 43% of all eligible military assigned at Hanscom. The composition of the 163-unit project parallels this with 40% of the units to be constructed planned for officer grade personnel. At more common military installations, officer personnel represent only 15%, as compared with the 43% assigned to Hanscom.

NOTE.—Eielson AFB and Fort Drum Army Base projects, recently approved by Congress, are composed solely of smaller size enlisted grade (airman) two and three bedroom units. Hence, Hanscom housing is a higher percentage of officers than previously reviewed and therefore, comparatively larger units with higher cost than previous projects.

Question. The area cost factor cited in the justification for the FY 1986 budget for Hanscom AFB, Massachusetts is 1.06, yet the cost factor used in the economic analysis is 1.09. Why is there a difference?

Answer. Hanscom's use of an area cost factor of 1.09 is the correct area cost factor authorized by OASD(C) ltr dated, 1 March 1984. Subject: *DOD Construction Material and Labor Indices,* Atch No. 1, page 8, Line 6 (AF) Boston............ 1.09"

NOTE.—The use of the 1.06 factor in the FY 86 budget for Hanscom AFB as submitted to Congress was an error.

Question. If a 1.06 factor was used, would the economic analysis factoring the leasing alternatives still be valid?

Answer. The Build to Lease alternative would still be the most economic alternative with a 3.7% advantage if an area cost factor of 1.06 is used instead of 1.09. The MCP project cost model would reduce from $18,178,826 to $17,678,491. The corresponding MCP life cycle cost as shown in the Hanscom Economic analysis would reduce to $18,746,950.

Question. Your letter of September 27, 1985 indicates that the alternative of relying on the basic quarters allowance plus the variable housing allowances was not considered because it was "not available." Where do the personnel at Hanscom AFB now lie? How many actually live more than 1 hour's drive away?

Answer. Of those off base, 14% reside in excess of one hour commute each way while 23.2% reside at or just under the 1 hour commute.

NOTE A.—In mid-June at the request of Mr. Mark Murray (HAC staffer), Hanscom prepared economic analyses on BAQ/VHA scenarios. These economic analyses were provided to HQ USAF/LEEH, Mr. Yancy. Mr. Yancy passed these documents on to Mr. Murray via the HAC Legislative Liaison Officer, Mr, John Hunt (USAF/ACB).

NOTE B.—These figures are drawn from zip codes and driving time estimates—not from the Family Housing Survey which actually determined the deficit. The Family Housing Survey that went to Congress should be the source document for this question's answer.

Question. The economic analysis says that because of the high cost of living in the Boston area, people presently stationed at Hanscom AFB are forced to spend more than their quarters allowance on rent and utilities. Explain the policy or Congressional directive, which specifies that basic quarters allowance plus variable housing allowance should cover rent plus utilities in all cases, in all areas of the country.

Answer. This observation is assumed to come from the "Background" statements provided in the Hanscom Economic Analysis. The Hanscom Economic Analysis does not state that housing allowances should cover total housing expenditures. The Hanscom Economic Analysis demonstrates that Hanscom military personnel pay up to 21.5% of their base salary in addition to the BAQ/VHA allowance for housing and utilities for off-base accommodations. BAQ/VHA together were designed to cover on average 85% of national median housing costs.

Question. Does DOD or the Air Force have any estimate of the level of "shortfall" in BAQ and VHA that is acceptable?

Answer. The VHA program, as restructured in 1984, was designed such that all military members, regardless of location, would absorb out of pocket 15 percent of the national median housing costs of members in their paygrade. VHA, together with BAQ, would cover the remainder of member housing expenses. The absorption rate will vary from the 15 percent depending on whether adjustments in BAQ and VHA keep pace with increases in member housing costs. While there is no set figure for the level of absorption which would be considered unacceptable, the DOD study which resulted in the 1984 restructuring made clear that the program would be evaluated periodically in order to assess whether or not the absorption had gotten out of line with the intent of the housing allowance program.

SECTION 801

Question. This project has been justified partly on the basis that it is a "test" of this concept of providing housing. The Section 801 program was authorized as a "test", but do you feel that the Government should spend over $50 million as a test of the leased housing alternative?

Answer. Over $50,000,000 for a test must be evaluated not as a stand alone figure but in the context of 20 years cost for Build-Lease versus 20 years cost for the military construction alternative. To make an economic comparison, these costs must be converted to present worth in accordance with standard economic analysis procedures. Only by such comparison can it be determined whether a $50M expenditure is economically indicated. The $50M represents a stream of annual payments for rent and maintenance over a 20 year life. When this sum is discounted into today's dollars (present worth), it is cheaper than the MCP cost which also includes maintenance discounted into todays's dollars.

The Congress has accepted the Eielson AFB Build to Lease Project which will cost $78.6M for 300 units and the Fort Drum Army Base Project which will cost $252M for 1400 units. It is assumed that these projects were likewise approved on the same economic (present worth) basis. An expenditure of $50M for 163 units at Hanscom is indicated as the appropriate economic alternative since the present worth cost of the military construction alternative at $19,174,133 is 5.7% higher than the build to lease present worth cost of $18,052,409.

[CLERK'S NOTE.—End of questions submitted by Mr. Hefner.]

Mr. HEFNER. If there are no further questions, the committee stands adjourned.

APPENDIX

HOUSING HANSCOM FAMILIES

UPDATE REPORT

9 AUGUST 1985

1. In August 1985, Hanscom Air Force Base updated the community support and rental market statistics provided in the July 1983 report titled Housing Hanscom Families. Calls were made to ten communities and the Commonwealth of Massachusetts, Executive Office of Communities and Development. Without exception, Hanscom was advised that the conditions have worsened. Adequate rental housing is almost non-existent in a cost range of less than $1000 a month without utilities for a three bedroom unit. The vacancy rate in the Greater Boston Standard Metropolitan Statistical Area (SMSA) is still less than three percent with most communities reporting a one percent or less vacancy rate.

2. The communities who responded to the August 1985 request for update were Acton, Arlington, Burlington, Chelmsford, Framingham, Lexington, Melrose, Needham, Newton, and Peabody, Massachusetts.

3. The underlying factors for the worsening condition seemed to be:

a. Dramatic rise in high-tech employment in eastern Massachusetts.

b. A large decrease in state unemployment which has caused some migration of workers into the area.

c. The conversion of many rental units into condominiums or cooperatives.

d. The removal of old housing stock due to the decay and the replacement of these units with high-income condominiums.

e. Community zoning restrictions including the lack of available services such as water and sewer.

f. A reduction in the level of federally subsidized housing construction.

g. A high college student population who put large demands on the housing market because they cannot be accommodated in college dormitories.

h. An increased rate of divorce and marital separations which requires that two households be provided where previously one was sufficient.

4. Without exception, the ten communities and the Executive Office of Communities and Development continue to support the Air Force position to construct additional housing for military personnel on Hanscom property.

EDWARD J. SHAMON
Chief, Engr and Env Planning Branch
3245th Air Base Group, Civil Engineering Division

Andrew A. Zaleski II
ANDREW A. ZALESKI, II, Lt Colonel, USAF
Commander, 3245th Air Base Group

LIST OF MUNICIPALITIES AND AGENCIES SURVEYED FOR INFORMATION ON FUTURE HOUSING CONSTRUCTION PLANS

North

Billerica
Burlington *
Chelmsford *
Lowell
Lynnfield
North Reading *
Peabody *
Reading
Salem
Tewksbury
Wakefield
Wilmington *
Woburn *

South

Ashland *
Framingham *
Natick
Needham *
Newton *
Sudbury *
Waltham *
Wayland
Wellesley *
Weston *

East

Arlington *

Belmont *

Lexington *

Lynn

Malden *

Medford

Melrose *

Saugus *

Stoneham *

Watertown *

Winchester *

West

Acton *

Bedford *

Carlisle

Concord *

Lincoln *

Maynard

Westford *

Agencies

U. S. Department of Housing and Urban Development,
Region 1 *

Commonwealth of Massachusetts,
Executive Office of Communities and Development *

Metropolitan Area Planning Council,
Boston, Massachusetts *

Citizens Advising and Planning Association, Inc.,
Boston, Massachusetts *

* Responses Received

TOWN OF ACTON
BUILDING DEPARTMENT

DON P. JOHNSON
BUILDING COMMISSIONER

July 14, 1983

Colonel Records
3245ABG/CC
Hanscom AFB, MA. 01731

Dear Col. Records;

The following information is supplied in response to your April 29, 1983 letter. This letter asked for information on the availability of single, duplex or townhouse units for rent in the Town of Acton that contained three bedrooms and rent for between $525.00 and $575.00 per month, including utilities. Unfortunately, there are very few such units in Acton. This is partly because of a very low vacancy rate (less than one percent) and most of the existing rental units contain only one or two bedrooms. Also, the Town of Acton Protective Zoning Bylaw no longer permits multi-family uses so there does not appear to be much likelihood of additional units of the type you describe being constructed here.

You asked about the possibility of rezoning land to permit rental units of the type you need to be constructed. We do have some vacant land here in Acton that could accomodate these types of units, but the likelihood of its being rezoned to permit multi-family uses is quite slim. The decision would have to be made by a two-thirds vote of the Town Meeting. The prospects of the Town Meeting agreeing to reinstate multi-family uses do not appear favorable, given the history of this question.

I would suggest that the Air Force give further consideration to the possibility of constructing additional housing on land that you have available on the base. This option seems to me to be the best one to solve your problem. The housing vacancy rate is so low in Acton (less than one percent of the multi-family dwelling units) that finding these units when they are available is a major effort. Furthermore, it should help rather than hurt the overall rental housing market by increasing the total housing units available at a time when there is an apparent shortage of housing. I realize that this course of action...getting approval to build more housing on Hanscom Air Force Base...creates problems for you, but it appears to be the most likely alternative available to solve the problem of finding adequate accomodations for your personnel. I should think that the towns in this area would welcome your building these additional units in light of the present housing shortage and the problems they face in meeting the housing needs of their own residents.

Very truly yours,

Don P. Johnson
Building Commissioner

DPJ:nc
0089N

TOWN OF ARLINGTON
MASSACHUSETTS 02174
643-6700
DEPARTMENT of PLANNING and
COMMUNITY DEVELOPMENT

June 21, 1983

Colonel Jerry L. Records
Base Commander
U. S. Air Force
3245th Air Base Group (AFSC)
Hanscom Air Force Base, Mass. 01731

Dear Col. Records:

I have received your letter of April 29, 1983, concerning the availability of three-bedroom single houses, duplex units or townhouses in Arlington that might be available for rent of between $525 and $575 per month including utilities. These types of units are very hard to come by in this town. First of all, we have had a vacancy rate of under one percent for the last fourteen years. Second, most of the duplex units and apartments contain only two bedrooms, and most of these rent for at least $600 to $700 per month when they do become available. Their availability, incidentally, is primarily by word of mouth. The demand is so great that landlords need not advertise or list such units with rental agents when they become available.

You asked about the availability of building lots for construction of units of the type described in your letter. Please be advised that this is not very likely in Arlington because there is very little land available as the town is almost completely developed. The town also is unlikely to rezone land in a single-family area to a multi-family district for the same reason; since there is relatively little undeveloped land, the rezoning would serve no useful purpose.

I would like to suggest that more attention be given to the third alternative described in your letter - increasing the housing supply on Hanscom Air Force Base by building additional dwelling units. This appears to me to be the most likely long-term solution to your housing problem, since it is housing that you control and would be readily available to your middle ranking enlisted members and their families. I believe that this alternative would compliment the actions that are being taken in the various cities and towns to solve their housing problems, and should not be viewed as creating unfair competion or introducing distortions into the housing market. The housing market in greater Boston (approximately 3 million population) is so large that the relatively few additional dwelling units you would construct would not create unfair competition. In fact, these additional units should help ease everyone's problem. I would urge that the federal decision makers you mentioned in your letter rethink their position and drop their opposition to more housing on the base.

Very truly yours,

Alan McClennen, Jr.
Director of Planning and
Community Development

AMcC/md

ASHLAND PLANNING BOARD
ASHLAND TOWN OFFICES
ASHLAND, MASSACHUSETTS 01721

Dear Col Records,

I have received your 29 April 1983 letter expressing the need to find more housing for some of the personnel assigned to Hanscom Air Force Base. I do not believe that you will find units of the type you describe (three bedrooms) for the price you describe ($575 per month including utilities). Our experience here in Ashland is that two bedroom units are renting for at least that much money per month. In addition, the low vacancy rates we have experienced in the last few years have dried up the rental supply so that it is very difficult to find a rental unit unless you know in advance that it is coming on the market.

We do not anticipate the construction of the kind of units you describe in the near future. We do have some multi-family units under construction, but they are subsidized housing for low and moderate income families and for elderly. Your members are welcome to apply for the low and moderate income housing, but, as you probably know, the waiting lists are quite long. We do have land available and properly zoned but the town requires a special permit for construction of townhouses (the type most likely to satisfy the requirements of your people) in a multi-family zoned district. Our experience with this special permit process is that the town has granted relatively few requests, showing a preference for less dense housing being constructed in that zoning area. It is also possible that some additional tracts could be rezoned if a developer did come along and propose townhouse units, but we would wonder whether new housing could be built within the rental limits you describe.

With respect to the alternative of constructing housing on the base, Ashland is really quite far from Hanscom and would not be impacted by a decision to build more housing on that base. In a sense, we do not see how we will be able to help solve the problem of finding housing for Hanscom base personnel, nor do we see how the construction of additional housing on Hanscom would adversely affect the housing market in Ashland.

I hope this response will be helpful to you.

Very truly yours,

Hugo

Chairman Ashland Planning Board.

BEDFORD PLANNING BOARD

THE GREAT RO
BEDFORD MASSACHUSETTS 0
TEL 275-1

May 16, 1983

Colonel Jerry L. Records, USAF
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, MA 01731

Dear Col. Records:

We have received your 29 April 1983 letter requesting information on the availability of rental housing in Bedford. As you are aware, the shortage of rental housing of the type you describe is a serious problem in Bedford and in most of the other communities in the Hanscom area. The few available rentals in Bedford are smaller (typically two bedrooms) and more expensive than the size and rent levels that you seek.

At the present time, there are no units of the type you describe in the construction or planning phase by either public sponsors or private developers. Therefore, no new units are expected to be available in three to five year time frame that you mentioned.

As you know, Bedford is a small town heavily impacted by continuing industrial growth and the Hanscom facilities, and therefore also impacted by high demand for all types of housing.

Bedford's present residential zoning allows for a range of residential lot sizes from 20,000 to 60,000 square feet. In addition, Planned Residential Development (PRD), which may incorprate all types of housing, is allowed by Special Permit of the Planning Board, in any residential zoning district in the Town. This PRD option has not attracted developers thus far. The cost of land in Bedford is quite high and thus private developers seem to be primarily interested in constructing more expensive and traditional single family homes.

The Planning Board will institute this summer the first phase of a series of master planning studies, and the issue of affordable housing and appropriate solutions will be addressed during this process.

The solution to the housing shortage appears, therefore, to be a long term one. We agree that, from the standpoint of the Air Force, the best short-term or intermediate range solution is for the Air Force to build some additional units on base. Construction of such units would not cause distortions in the local real estate market or create unfair competition to local property owners. In fact, the addition of new units for your people may ease the competition somewhat for the very few affordable units that are occasionally available. It could help the young and single people and elderly of Bedford who now have a difficult if not impossible task of finding such units so that they can remain in Bedford.

However, we must note our concern that construction of new housing on the Base will further impact the Town in other ways, such as increased traffic, use of local services, aesthetics, and other environmental impacts. We would be particularly concerned if the Air Force considered introduction of additional mobile homes of the type and arrangement presently existing at Hanscom. We hope that , as you progress in this matter, you will keep us fully informed as to you intentions. For our part, we will increase our efforts to find ways to introduce more affordable housing units in Bedford.

Very truly yours,

William King
William King, Chairman
Bedford Planning Board

WLK:RJC/ca
cc: Planning Boards of Lexington, Concord,
    Carisle, Lincoln, Burlington, Billerica

Office of the Board of Selectmen
Town of Belmont
Massachusetts

TOWN HALL
BELMONT, MASSACHUSETTS 02178
484-2300

SELECTMEN
WILLIAM F. MONAHAN
[illegible]
WALTER A. [illegible] JR.
[illegible]
ALAN [illegible] HAYES
EXECUTIVE ASSISTANT
JOAN GARLAND

June 29, 1983

Colonel Jerry L. Records
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group
Hanscom Air Force Base
Massachusetts 01731

Dear Colonel Records:

I am pleased to try to provide some information for you concerning the housing availability in Belmont in response to your recent letter. I will limit my comments to the availability of rental units containing three or four bedrooms at a cost of under $575 per month including utilities.

I'm sorry to say that it is very difficult to find units of that type in town. One of the main reasons is the very low vacancy rates we have been experiencing in greater Boston in recent years. The Belmont housing supply is also under additional pressure because many students and visiting faculty from Harvard, MIT and other colleges and universitie in Cambridge and Boston are looking for rental units because of the easy commute from Belmont to those campuses. This adds to the number of peopl that might normally be looking for rental accommodations. As an example, our Executive Assistant rented her three-bedroom home last year for 6 months at $1,000 per month not including utilities to a visiting faculty family.

There is almost no likelihood of the problem being eased by construc tion of additional units because the town is pretty well built up, particularly in those areas zoned for multi-family construction. The relatively few open sites consist of an occasional lot or two which probably would be developed for condominium ownership if some sort of residential construction was attempted. This is largely because of the value of land and the resulting price that would have to be charged for the resulting units. The only other residential sites are in the Belmon Hill area, which is zoned for single-family residential development, but might be developed as a residential cluster of attached buildings. We believe that any units developed in this area would be for either condom ium ownership or as luxury apartments.

Your letter also asks about the possibility of rezoning land from some other category to permit multi-family residential construction. Generally, residential rezoning proposals in Belmont are moving in the direction of permitting accessory apartments rather than duplexes or townhouses. We also have one surplus school building which we are considering selling for remodeling into apartment units. The typical market for these units, however, dictates a smaller number of rooms than you outlined in your letter as needed to meet the requirements of Hanscom Air Force Base personnel. The only other land that I know of is the site of a former automobile dealership in one of our business districts that is now vacant. This could be rezoned for multi-family residential development, but the owner of the property might oppose such a move, and the area probably would not be conducive to housing for families with children.

I think you will find the experience in Belmont to be typical of the cities and towns of the greater Boston area, and not the exception. I am on the faculty of one of the medical schools and have heard many conversations of the difficulties staff members and students have had in finding adequate rental accommodations within their means and the similar difficulties that housing offices in the various colleges in greater Boston have had in trying to assist them. I would like to recommend that the Air Force rethink its position of not permitting more housing to be constructed on Hanscom Air Force Base. I would be absolutely amazed if any one of the cities or towns in greater Boston felt that the construction of these units would somehow cause high vacancy rates or create unfair competition to the local housing market. We are being pressured constantly to find solutions to just the kinds of problems you face and have to tell people that these kinds of units just are not available. I think this is an instance where the federal official should be pressed to grant a waiver of the usual base housing construction limits.

I would be pleased to provide you with any additional information you may request concerning the development plans for the town of Belmont or statistics on the town's housing supply.

Very truly yours,

William P. Monahan

William P. Monahan
Chairman, Board of Selectmen

wpm/d

TOWN OF BURLINGTON
BURLINGTON MASSACHUSETTS 01803
TOWN HALL 272 6700

July 7, 1983

Colonel Jerry L. Records U.S.A.F.
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Ma. 01731

Dear Col. Records:

The following material is submitted in answer to the questions you asked in your April 29, 1983 letter. That letter wanted to know whether three bedroom rental houses, duplexes or townhouses were available in Burlington for rents of approximately $525 to $575 per month including utilities to accommodate your middle ranking enlisted members and their families. You also asked whether any such units were under construction, the availability of land to build these types of units and our reaction to a proposal that the base builds these types of units.

Burlington is a mostly single family town, so the types of units you describe, other than an occasional single family house for rent, are really not to be found within the community. Furthermore, there are no plans at present to build such housing. One of the main reasons for this situation is the lack of land that is zoned to permit these kinds of buildings. We also feel that the chances are very slim that land would be rezoned for such construction, as the Town Meeting which acts as the legislative body for the municipality would have to vote by a two-thirds margin in favor of such a rezoning. The Town Meeting tends to view this type of change as not being in the town's best interest and therefore probably would not act favorable, particularly by the required two-thirds margin.

It appears to me that the alternative of the base building housing on its own property to accommodate its personnel as the most likely solution to your problem. We recognize the desire on the part of the federal government to avoid creating severe impacts in the local housing market, but the supply of housing is in such great demand that we believe this should not be of concern for the Boston area. In fact, the provision of the additional housing units will reduce the pressure on the local housing market and thus serve to relieve, at least a little bit, the pressure on the existing supply. I do not believe that you will find the housing picture any brighter in the other cities and towns in the Boston area, as I believe the housing shortage problem in Burlington is the rule and not the exception.

I am sorry that I cannot be more optimistic about the possibility of your personnel finding suitable housing in this town. I encourage their continued interest in Burlington as a community in which to live, but think they will have great difficulty in finding the type of units you describe.

Very truly yours,

PETE G. PETERS, Chairman
Burlington Planning Board

PGP:lr

DENNIS J. READY
CLAUDE A. HARVEY, Chairman
BRADFORD O. EMERSON, Clerk
BONITA A. TOWLE
PAUL C. HART

BOARD OF SELECTMEN
TOWN OFFICES
50 BILLERICA ROAD
CHELMSFORD, MASS. 01824-2777

NORMAN E. THIDEMANN
Executive Secretary
TEL. 256-2441

May 16, 1983

Colonel Jerry L. Records, Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Col. Records:

This correspondence is in response to your April 29, 1983 letter asking for information about housing availability in Chelmsford. I regret that I do not have more encouraging information to provide to you as a respons to your letter. It is very unlikely that your personnel would find renta units of the type you describe (three bedrooms renting for not more that $575 per month including utilities). The 1980 census indicated that the Town had an approximately 1 percent vacancy rate in its rental market. Many of these units have been converted to condominium ownership since then, further depressing the number of units available. Since no rental units have been constructed since 1980, this in turn has further depresse the already very low vacancy rate. Furthermore, the rental rates of the units that are available are substantially higher than the amount your letter indicated Hanscom Air Force Base personnel could afford.

These two factors, a very low vacancy rate and high rental costs, are ver unlikely to diminish. Only two sites have been proposed for multi-family development. Both are located in North Chelmsford, and both are expected to be for sale developments under condominium ownership and not rentals. The only other units that might become available would be related to the proposed accessory apartment provision we propose to include in the zonin bylaw. These would be conversions of larger single family houses and wou be done by an individual owner. Many owners may choose to live in the smaller apartment and rent the larger unit, but it would be up to them they may or may not advertise the general availability of the unit. As result, base personnel might or might not even be aware that such a unit existed.

We do not anticipate that any other proposals will be made to the town to rezone land from single to multi-family residential construction, particu larly to build units for rent. You also asked about the possibility of t town rezoning land for multi-family construction if a developer made such a request. The Town Meeting would have to approve by a two-thirds favorable vote any proposal to rezone land for construction of mult-family uni

DENNIS J READY
CLAUDE A HARVEY, Chairman
BRADFORD O EMERSON, Clerk
BONITA A TOWLE
PAUL C HART

BOARD OF SELECTMEN
TOWN OFFICES
50 BILLERICA ROAD
CHELMSFORD, MASS. 01824-2777

NORMAN E THIDEMANN
Executive Secretary
TEL 256-2441

May 16, 1983

Colonel Jerry L. Records, Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Col. Records:

This correspondence is in response to your April 29, 1983 letter asking for information about housing availability in Chelmsford. I regret that I do not have more encouraging information to provide to you as a respons to your letter. It is very unlikely that your personnel would find renta units of the type you describe (three bedrooms renting for not more that $575 per month including utilities). The 1980 census indicated that the Town had an approximately 1 percent vacancy rate in its rental market. Many of these units have been converted to condominium ownership since then, further depressing the number of units available. Since no rental units have been constructed since 1980, this in turn has further depresse the already very low vacancy rate. Furthermore, the rental rates of the units that are available are substantially higher than the amount your letter indicated Hanscom Air Force Base personnel could afford.

These two factors, a very low vacancy rate and high rental costs, are ver unlikely to diminish. Only two sites have been proposed for multi-family development. Both are located in North Chelmsford, and both are expected to be for sale developments under condominium ownership and not rentals. The only other units that might become available would be related to the proposed accessory apartment provision we propose to include in the zonin bylaw. These would be conversions of larger single family houses and wou be done by an individual owner. Many owners may choose to live in the smaller apartment and rent the larger unit, but it would be up to them a they may or may not advertise the general availability of the unit. As a result, base personnel might or might not even be aware that such a unit existed.

We do not anticipate that any other proposals will be made to the town to rezone land from single to multi-family residential construction, particu larly to build units for rent. You also asked about the possibility of t town rezoning land for multi-family construction if a developer made such a request. The Town Meeting would have to approve by a two-thirds favorable vote any proposal to rezone land for construction of mult-family uni

I cannot predict what action the town meeting would take on such a request, but my impression is that it is not likely to grant such a request.

Although your letter sounded pessimistic about the possibilities of building additional housing units on the base because of the need to get approval from a higher headquarters, I believe this may be the best way to provide the additional housing units that you need. I do not believe that you would face resistance from owners of apartment complexes in the general area or officials in the various cities and towns. It is not possible for us to provide enough rental housing to meet our own needs, let alone assist Hanscom Air Force Base in meeting its needs. The total demand is just too great and the total supply too limited for the addition base housing to create distortions in the civilian housing market or cause high vacancy rates. I don't see how these units would really create any kind of competition or other difficulties for the existing housing stock. I urge you to pursue this alternative.

Sincerely,

Norman E. Thideman
Executive Secretary

NET/kas

cc: Bernard Lynch,
Community Development Coordinator

TOWN OF CONCORD
TOWN HOUSE
CONCORD MASSACHUSETTS 01742

SELECTMEN
A. JOHN MARABELLO
CHAIRMAN
TERRY W. ROTHERMEL
CLERK
GORDON H. SHAW
FRANCIS X. O'SULLIVAN
ANNABELLE W. SHEPHERD
TOWN MANAGER
STEVEN E. SHEIFFER

July 7, 1983

Jerry L. Records, Col., U.S.A.F.
Base Commander
Hanscom Air Force Base
Bedford, Massachusetts 01731

Dear Colonel Records:

This letter is in response to your 29 April 1983 request for information concerning the availability of single, duplex or townhouse rental units that contain three bedrooms, and that rent for between $525 and $575 per month including utilities. I am sorry to have to report that there are very few such units available here in Concord. Nor do I see the likelihood of such units being constructed in the foreseeable future.

You also asked about the possibility of making land available for construction of new multi-family housing. There is some land available, but a special permit is required to construct that kind of housing. It is unlikely that the Town would rezone land at the request of a developer to build multi-family developments of greater density than is now allowed. Zoning changes are infrequently made and high density development is inconsistent with the Town's present overall development plan. This development plan stresses the more rural, open space characteristics of the Town and limits higher density developments to those areas that are currently zoned for that purpose, or where appropriate services and utilities are already available.

I note you list an alternative that the Air Force itself could implement; that of building additional housing on your own base. I recommend that you pursue this alternative as the way of answering your housing needs. These additional units would not interfere with the operation of Concord's local housing market, as vacancy rates in Concord are very low (less than 2%). Thus, existing housing of the type you need is in all too short supply, and additional units of that type should be welcome by all concerned.

I hope the above information will be useful to you in evaluating your alternatives to meeting the housing needs for the personnel coming to Hanscom.

Sincerely,
A. John Marabello
A. John Marabello
Chairman
Board of Selectmen

Town of Framingham
Massachusetts 01701
Selectmen's Office
Telephone 872-4806

JOHN F. KING, *Chairman*
PHILIP B. ERNST, *Clerk*
JOHN F. DELPRETE

MATTHEW P. CLARKE
Executive Administrator

June 21, 1983

Jerry L. Records, Colonel, USAF
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Colonel Records:

This is in reply to your April 29 letter addressed to Chairman John F. King, concerning the availability of housing in Framingham. There are very few three bedroom units in town available for rent, and probably none within the $575 per month price limit mentioned in your letter. The vacancy rate for housing in Framingham town-wide is approximately 1 percent. The vacancy rate for three bedroom rental units is even lower.

One of the reasons the vacancy rate is so low is that the town has had a ban on apartment unit construction since 1972. The Town Meeting, which is the legislative body of this municipality, struck the provision allowing construction of apartment units from the zoning by-law. This had the affect of banning such construction from all parts of town. Proposals have been advanced from time to time to lift that ban, the most recent being approximately a year ago. The Town Meeting declined to lift the ban, and so the moratorium continues in effect.

We do not know what the town's reaction would be to a proposal brought forward by a developer to permit multi-family housing, but we cannot be optimistic.

It appears that concern about the impact that construction of additional housing at Hanscom Air Force Base would have on the regional housing market is misdirected. The vacancy rates are so low and the number of new housing units being constructed is so far below demand, that any new units that increase the total housing supply will be a help in solving the housing problem. I would strongly recommend that this alternative be pursued and that you seek a waiver of the usual base housing construction limit.

Very truly yours,

M. P. Clarke

M. P. Clarke
Executive Administrator

MPC:jlg

Planning Board
Town of Lexington, Massachusetts

Robert A. Bowyer
Planning Director

TOWN OFFICE BUILDING
Lexington, MA 02173
617 862-0500 Ext. 24

July 20, 1983

Col. Jerry L. Records
Base Commander
Headquarters 3245th
Air Base Group (AFSC)
Hanscom Air Force Base
Bedford, MA 01731

Dear Col. Records:

The Planning Board has reviewed your letter of April 29 relative to the availability of housing in Lexington for Air Force personnel.

The prospects for finding rental units in the $525-$575 per month cost range are bleak. The Planning Department is nearing completion of a study of housing conditions in Lexington and nine surrounding communities, which largely coincides with the service area of Hanscom Air Force Base. I will send you a copy of that report upon completion. What the data shows is that Lexington and the surrounding communities are high cost areas with a very low vacancy rate. The median sales price of a single family house in Lexington last year was $118,000 and the median annual income of home purchasers was $59,000. There are very few rental units in Lexington as more than 90% of the housing units in Town are owner occupied, single family homes. The few rental units are usually held by older households for long periods of time and there is little turnover.

The prospects for new construction in a price range suitable for Air Force personnel are equally bleak. The last construction of rental housing was in 1974 and that was only 40 apartments. In the last five years, there have been about 150 new condominium units constructed, but in a price range of $100-$175,000 per unit. New single family homes in subdivisions range in price from $175,000 to $325,000.

The Town of Lexington is making some modest effort toward providing affordable housing. The Town Meeting authorized the conversion of the recently closed Muzzey Junio High School into a development with 70 condominium units, mostly one and two bedroom apartments. The Town imposed limitations on the maximum income of the buyers as wel as requiring deed restrictions be placed on the resale value of the units to reduce inflationary impacts or potential windfalls. The units will sell between $40,000 an $66,000, with the lowest monthly carrying costs around $600. The development was oversubscribed and within six days deposits had been received by 140 applicants, twice the number of available units.

The Planning Board believes the best solution for Air Force personnel would be the construction of additional housing on the air base. We would enthusiastically support the granting of a waiver, or whatever other permission is needed by officials in Washington, to expedite the construction of housing on the air base. Your policy makers should be reassured that there is no danger that an increase in the housing supply on the base would create vacancy levels in nearby municipalities. An important objective in dealing with the tight housing conditions in eastern Massachusetts is to reduce the number of military personnel, and college students, competing in the private housing market. There is simply not enough new housing being produced in Massachusetts (only 20,000 units in 1982, rather than the targetted 44,000) to offset demand pressures that bid up the cost of housing. In the last eight years only, the median sales price in Lexington had increased by 132%, well above the increase in the Boston area CPI.

The Planning Board encourages the construction of additional housing on the air base for another reason. As you know, nearly all the approach streets and intersections adjacent to Hanscom Field are heavily congested. If Air Force personnel were housed on the base, they would not be adding to the traffic congestion.

If I can be of further assistance, please contact me.

Sincerely yours,

Robert A. Bowyer

Robert A. Bowyer
Planning Director

RAB/s

TOWN OF LINCOLN
MIDDLESEX COUNTY . MASSACHUSETTS
PLANNING BOARD

June 2, 1983

Colonel Jerry L. Records, USAF
Base Commander
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Mass. 01731

Dear Colonel Records:

The Planning Board has carefully reviewed your letter of April 29th. While it is sympathetic to the problem of finding affordable housing for your personnel, the Board does have a number of concerns regarding the potential impact of an additional 100 units of base housing on Lincoln, especially with regard to traffic and schools. The Board suggests, therefore, that a meeting be arranged with members of the Lincoln Housing Commission, School Committee, Board of Selectmen and Planning Board to discuss these issues. We would be pleased to assist in the arrangements for such a meeting.

Sincerely yours,

Rosamond Delori/hr

Rosamond Delori,
Chairman

cc: Housing Commission
School Committee
Board of Selectmen
Planning Boards of Bedford, Concord
and Lexington

Malden Planning Board
Malden Government Center
Two Hundred Pleasant Street
Malden Massachusetts 02148

City of Malden
Massachusetts

Telephone 617•324•6600

June 27, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Colonel Records:

In response to your letter of April 29, 1983, requesting information about three bedroom single, duplex, and townhouse dwelling units at a rental price not to exceed $575.00 per month (including utilities), I offer the following information.

Housing stock of the type and price you require exists in the city of Malden. However, probably close to 95 percent of all rental housing is occupied at this time, and many of the newer units rent for more than the $575.00 limit.

We do have a limited number of units of the type you describe under construction and it is possible that other units may be constructed later on. However, few will contain three bedrooms and still be within your price range. Most housing of the type and price you are interested in exists in older type buildings.

There is a limited amount of land available for new housing construction, but development costs may push rentals above your limits.

I hope this information will be of assistance in making a decision regarding your housing problem.

Very truly yours,

Edmund P. Tarallo

Edmund P. Tarallo
Planning Director

EPT/ah

CITY OF MELROSE
CITY PLANNING OFFICE
CITY HALL, MELROSE, MASS. 02176
365-5490

May 12, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Colonel Records:

The following information is provided in response to your letter of April 29, 1983 concerning the availability of housing for rent to accommodate middle ranking enlisted members and their families who are assigned to Hanscom Air Force Base. The kind of housing you are describing, three bedroom units that rent for between $525 and $575 per month including utilities, are very hard to find in Melrose. There are relatively few three bedroom units of any description for rent in this city. Most three bedroom structures are three bedroom houses, and they are usually for sale rather than for rent. As a result, when units of this type do become available, they rent very quickly, often by word of mouth rather than through real estate listings.

I do not believe it would be possible to make sites available to construct rental units of the type you describe because the city is approximately 98 percent developed. For practical purposes, there is no land available for such developments. The only thing I could suggest to you is that the Air Force consider buying some two-family houses and then leasing them to your base personnel. These houses come on the market occassionally and do present a potential housing source for your people. I realize that this would put you in the real estate business, and may create some management problems, but it would be a way of increasing the housing available to your base personnel.

The only other suggestion I could offer would be to consider building the additional housing units on the base that you described in your letter. The demand for housing in the Boston area is so intense that your fear about local opposition to a proposal for construction of additional base housing does not appear to me to be well founded. I would urge you to reconsider your rejection of this alternative and pursue its acceptability to the appropriate federal officials that grant such approvals. I find it hard to believe that they would feel that the few additional units you propose to construct could possibly cause high vacancy rates or create unfair competition when the supply of available units in the local housing market is so low.

I wish I could provide you with a more optimistic estimate of the future availability of housing units to accommodate your middle ranking enlisted members and their families. However, construction of new units in general, and rental units of the type you describe in particular, have been so few in the last few years that the demand has far outstripped the supply. Regretfully, I do not see this situation changing in the forseeable future.

Very truly yours,

Ronald C. Nolte
Program & Project Manager
Planning & Community Development

RCN/mlw

TOWN OF NEEDHAM
MASSACHUSETTS

Room 20 Town Hall
Needham MA 02192
617-444-5100

PLANNING BOARD

May 27, 1983

Colonel Jerry L. Records, USAF
Base Commander
Headquarters 3245th Air Base Group
Hanscom Air Force Base, MA 01731

Dear Colonel Records:

I am in receipt of your letter dated April 29, 1983 regarding alternatives to provide housing for your personnel and their families. If I may summarize, your alternatives are 1) to utilize existing housing in surrounding communities; 2) to promote greater opportunities by encouraging developers to construct affordable rental family units; and 3) to increase the present ceiling limiting the number of units which may be constructed on the base.

At present there are no rental units of the size or price range you specified ~~are~~ located in the Town of Needham. Certainly it may be possible to find such a unit on an isolated basis (for example a large apartment in a two family house where the owners monthly carrying costs are low). However, this is an exception and such units would most probably be rented by word of mouth.

At present there are some 511 multifamily units being constructed in Needham. With the exception of 76 units which will be rental family and elderly housing under the jurisdiction of the Housing Authority, all of the units will be condominiums in the $100,000+ price range. New single family housing units are being built at a rate of 40 per year which are also selling in excess of $100,000.

The Needham Planning Board has over the past few years worked to broaden housing opportunities within the Town of Needham. This is an adopted goal of the Town Master Plan. We have been successful in adopting regulations which would permit clustering and low density apartments, however, we have not been successful in adopting regulations to permit accessory apartments or density bonuses to developers who provide affordable housing units. These regulations alone, however, will not ensure affordable housing. The desirability of Needham as a place to live due to its convenient location, local schools and services, and fine residential character creates a demand resulting in high real estate costs. Our experience and those of communities in the region indicate that it is very difficult to construct affordable market housing without subsidies or assistance from the public sector.

Regarding your third alternative to construct additional units on the base in excess of your ceiling, the Town raises no objections. Such units would not disrupt or distort our housing market. In general rental units of the size and price range specified are not being built in Needham or elsewhere to my knowledge. The construction of such units on the base would, in fact, assist the housing market by reducing the demand by the number of families who will eventually reside therein. Additionally, since the Air Force already owns the land and is not seeking a profit, you are in a position to actually construct affordable housing and meet at least a small percentage of the demand for such units.

Very truly yours,

NEEDHAM PLANNING BOARD

Russell J Burke

Russell J. Burke
Planning Director

RJB:jh

CITY OF NEWTON, MASSACHUSETTS

CITY HALL
1000 COMMONWEALTH AVENUE
NEWTON CENTRE 02159
TELEPHONE (617) 552-7135

DEPARTMENT OF PLANNING AND DEVELOPMENT   BARRY C. CANNER DIRECTOR

May 10, 1983

Jerry L. Records Colonel, USAF
Base Commander
Headquarters 3245th ABG
Hanscom Air Force Base, MA 01731

Dear Colonel Records,

This is in response to your April 29, 1983 letter requesting information concerning the availability of single, duplex and townhouse units for rent in the City of Newton. In particular, you ask about three-bedroom units renting for between $525 and $575 per month. We have analyzed the 1980 census data within the past year as part of a study of housing conditions in the City. This data indicates that there is very little housing of the type you describe available and that the demand for such units far exceeds the supply.

The City is attempting to broaden its housing supply by encouraging construction of additional moderate-priced and moderate rental housing. Most of these units have been constructed under various subsidy programs or in connection with special permit applications for increased density that may be allowed by the Board of Aldermen. As you probably know, the various subsidy programs are being sharply curtailed at the federal level and this is having a very adverse effect on the City's ability to carry out its housing proposals. We have met with greater success in utilizing the special permit process approach, but the number of dwelling units provided is only a handful when compared with the total demand.

You also asked about the possibility of rezoning land from another category to permit multi-family construction. This is not a realistic possibility in Newton, because the City is almost completely developed. Furthermore, the few residential development proposals on open land are usually for units containing fewer bedrooms than your requirements and for sale as condominiums rather than for rent on the general market. The residential building stock is generally sound enough so that the City would oppose proposals to acquire existing dwellings for clearance in order to create a building parcel.

I believe that the best way to solve the Hanscom Air Force Base problem is to develop some housing units on the vacant land available at the base. I recognize that there are some built in constraints that presently preclude your exercising this option. However, it seems to me that it would be more useful to all concerned if you pursued the waiver action necessary to get approval to build those units then expecting a substantial number of new units will be built in the surrounding municipalities in order to make the approximate 100 units you need to be available to your personnel. I believe that the construction of these units would help to ease the housing shortage by removing these 100 families from the pool of potential renters competing for an all too short supply. I think their construction would be supportive of the local housing market, rather than disruptive, and most assuredly you would have our endorsement.

I am sorry that I cannot offer greater encouragement for your people to find the type of housing units described here in Newton, but the market is so tight and vacancies so low that it is apt to be a very frustrating experience.

Very truly yours,

Barry C. Canner
Director Planning and Development

BCC/dd

TOWN OF NORTH READING
COMMUNITY PLANNING COMMISSION
FLINT MEMORIAL HALL
NORTH READING, MASSACHUSETTS 01864
TELEPHONE 664-4431

Mr. Jerry L. Records, Colonel, USAF
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

August 4, 1983

Dear Colonel Records:

My sincere apology for not responding earlier to your April 29, 1983 letter requesting data on the availability of single, duplex or townhouse dwellings containing three or four bedrooms and renting for between $525 and $575 per month including utilities that might be available for middle ranking enlisted personnel and their families. We have had an extremely heavy demand on our human resources and are understaffed to meet these demands. I do hope this response does not prove untimely for your needs.

Specifically, you wanted to know if rental units of this type are being constructed now or whether we anticipate such units being constructed in the near future (the next three to five years). Finally, you asked whether local municipal officials would encourage the base to construct up to 100 additional housing units on Hanscom property.

There are very few of the type you described available for rent in this town. Apartment construction was permitted under the Town of North Reading's Zoning By-Law for a very short period of time - approximately 1970 through 1972. Six apartment complexes were built consisting of 428 units and two existing buildings were converted to fourteen apartments. Of the six apartment complexes, four with a total of 392 units have since converted to condominiums. Of the balance of apartments built or converted during this period of time, there are approximately fifty units which are fully rented with long waiting lists. Furthermore, the type of units you describe (three or four bedrooms) is not found in most of these apartment buildings, but rather in single family houses. Most of these apartments contain only one or two bedrooms.

When apartments were permitted, they were defined as ten or more units. The Town of North Reading does not presently, nor has it ever permitted construction of dwellings other than single family. Therfore, most of our housing is in the single family category, which is sold rather than rented.

The Community Planning Commission will be looking at its Zoning with an eye towards investigating more creative type housing to meet today's demands. One of the first areas they may pursue would be "Accessory Apartments" to single family dwellings, which would be limited in size. They may also investigate reinstating zoning for apartments - however, the trend today is to build these apartments with the ultimate goal of condominium ownership. Therefore, these types of housing, if implemented through a change in Zoning, would not appear to meet your needs.

It is possible that some land might be made available for the construction of the type of unit you describe. It would depend upon the particular site chosen, how many units were proposed and whether or not the surrounding neighborhoods were in favor of the proposal. We would want to make sure that any such rezoning would be beneficial to the town and compatible with other development in]1 the town. The Community Planning Commission would study the proposal very carefully and make its report to the Town Meeting, which must vote by a two-thirds affirmative vote to grant the rezoning request. It is unlikely that the Town Meeting would vote in favor if there was substantial opposition from the surrounding neighborhoods or the project was just too large and out of character with other development in the town. This process of reviewing Zoning, proposing amendments, Town Meeting action - if favorable - in all likelihood would not put any additional housing on line for quite some time.

You asked about the reaction of local municipal officials to the suggestion that you provide up to 100 additional family housing units at Hanscom Air Force Base. We really would not be affected by the decision to build or not build these units on the base, as we are fairly remote from your area. In general, we believe that this housing would be beneficial to the metropolitan area because it would increase the amount of housing available in a very tight market. I would think that the local municipal officials in the area around the base would feel the same. They are under tremendous pressure to provide adequate housing for the residents of those cities and towns, particularly housing of the size and price you described in your letter. The additional units on your base would mean that your personnel would not be competing for this scarce supply in the regular housing market.

Finally, I think the very low vacancy rates are causing the distortions in the local housing market and not the construction of relatively few additional units at your base. The additional units you describe, it would seem to me, would be helping to damp down the distortions rather than adding to the problem. I encourage you to get whatever approvals are necessary so that you could build these units.

Very truly yours,

Ruth Kennedy Leyden

Ruth Kennedy Leyden
Administrator

P.S. Enclosed please find a copy of the July 24, 1983 article from the Lawrence Eagle Tribune entitled "Hunting the Elusive Apartment".

RKL:lmb

TOWN OF NORTH READING
COMMUNITY PLANNING COMMISSION
FLINT MEMORIAL HALL
NORTH READING MASS 01864

CITY OF PEABODY
COMMUNITY DEVELOPMENT DEPARTMENT

May 24, 1983

Colonel Jerry L. Records
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, MA 01731

Dear Colonel Records:

The following information is provided as a response to your 29 April 1983 letter concerning the availability of three or four bedroom single, duplex or townhouse units for rent for approximately $525 to $575 per month including utilities in Peabody. Although there are such units in this city, the vacancy rate is rather low and such units are hard to come by. Units of this type that do become available rent up very quickly. Furthermore, we do not forsee the likelihood of this situation changing in the next few years.

You also asked if land was available within the city to build such units if a developer proposed this kind of construction. Yes, there is land available and it is properly zoned to permit construction of the kind of units described in your letter. However, I'm not sure that units having as many bedrooms as you need would be built. The present market seems to be more for one and two bedroom rental units rather than units containing three or four bedrooms. Furthermore, many of the multi-family units being constructed are sold as condominirms, rather than rented as apartments. These units, therefore, do not add to the supply of the type of housing units that your people are seeking.

It seems to me that the possibility of constructing additional housing on your base should be examined more fully. We cannot assess the impact that this additional housing would have on nearby residential areas as we are fairly far from the base. We do not, however, forsee these additional units having a negative impact on the housing supply in Peabody and for this reason we can only support a proposal for military housing on your base.

We would, however, urge you to contact those municipalities near your base to see if they find themselves in a similar position to Peabody and would therefore support your constructing more base housing. Once again, based upon impact to our community, we have no objection at this time to your constructing such housing.

Very truly yours,

Barrie A. Gaman

Barrie A. Gaman
CDBG Coordinator

BAG/m

Town of Saugus
TOWN HALL
SAUGUS, MASSACHUSETTS 01906
(617) 233-7004

Romin Koebel, Ph. D.
Town Planner

July 11, 1983

Colonel Jerry L. Records, Base Commander
United States Air Force
Hanscom Air Force Base
Hanscom, Massachusetts 01731

Dear Colonel Records:

I am replying to your April 29, 1983 letter requesting information on the availability of housing that middle ranking enlisted personnel and their families might wish to rent. More specifically, you asked about the availability of three or four bedroom units in houses, duplex units, or townhouse developments that would rent for between $525 and $575 per month including utilities. I am sorry to say that there are no such units available in Saugus. The town is largely single family residential in character and those units are sold when they are vacated, rather than rented. The few rental units that are available are fully occupied and turn over very slowly. Most of the tenants are from the local area, and many are known personally to the owner and include relatives in many cases. As a result, it is very hard for a newcomer desiring rental accommodations to find them in this town.

There are no units of the type you describe under construction at the present time either, nor do we anticipate any units of this type being constructed within the next few years. This situation occurs partly because of market conditions, which make it uneconomic to build such units unless they are part of a subsidy program. This is reinforced by the recent downturn in construction activities and the reduction of funds available for subsidized housing. Even if it were possible to build such housing economically or subsidy programs were available, the present zoning requirements would preclude its construction in Saugus. You asked whether the town would be willing to rezone land for such a development if a developer came along and proposed one. It is possible, but probably unlikely that the town would rezone land for a development containing as many bedrooms and therefore school age children at this time. The town is under tremendous pressure due to legislation which limits the amount of money the town can raise through taxation to be sure that any additional development adds to the tax base and not the tax drain on the municipality. This tends to limit development to commercial and light industrial activities and single family residents in residential areas.

Your letter also mentions that you could construct additional units on your base if local municipal officials would encourage their construction and officials in Washington would relax present restrictions and limitations. This would be particularly true if the additional units would not create distortions in the local market or unfair competition to landlords. We are really not affected by a decision you make with respect to construction of housing units on your base because of the distance we are from your base. Actions you take should have no particular impact on our housing market because of the distance and because we do not have units of the type you require anyway. I would suggest that you ask local officials in the communities surrounding your base that question and be guided more by their answers than by any answer we could give you. In passing, it would seem to us that, with the housing supply as tight as it is, any additional units that would accommodate middle income families or that would deflect middle income families away from the very limited supply should be welcomed by everybody.

I would like to know whether the other municipalities are experiencing the same housing problems that we are. Would you please inform us of your findings when you complete your work.

Very truly yours,

Romin Koebel

Romin Koebel, Ph. D.
Town Planner

/jb

TOWN OF
STONEHAM
MASSACHUSETTS 02180
Telephone 617/438 7510

NORMAN B. AXLER
COMMUNITY DEVELOPMENT COORDINATOR

July 13, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Colonel Records:

Thank you for contacting me concerning the housing needs of Hanscom Air Force Base. The specific needs you cite for your personnel would appear to me to be unavailable in any substantial quantity within Stoneham.

As you are probably aware, most recent development in Stoneham has been of condominiums. While some of these units are now on the rental market, I do not know of any that are more than two bedrooms or that are renting for $525-575 including utilities.

In the remainder of the housing available in Stoneham, most rents for single family houses or large units would be higher than what your personnel can afford. This is not to say that you would not be able to find a few such units over the course of a year, but not in the quantities necessary for your needs.

As far as new or ongoing construction of apartments, you should be aware that there is little land left in Stoneham for such development. Considering the costs of the school system, I personally doubt whether the Town Meeting would approve rezonings of land intended for large families.

While this letter represents my personal assessment of the housing market in Stoneham, I hope it will be of assistance to you.

Yours truly,

Norman Axler

NA:az

Norman Axler
Community Development Coordinator

TOWN OF SUDBURY
Planning Board

Sudbury, Mass.
01776

June 24, 1983

Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, MA 01731

ATTN: Jane Howley

Dear Ms. Howley:

This letter is to confirm our previous conversation and to respond to a letter from your office dated April 29, 1983 relative to multi-unit housing.

At present Sudbury has one completed multi-unit housing complex which is exclusively housing for the elderly.

There is in process another complex of which the first building is scheduled to be completed by November 1983, and will be available to low and moderate income families. I have enclosed some correspondence regarding this project which may be of help to you. The floor plans are on file with the Building Inspector. (Tel. 443-8891, Ext 188)

Please call the Planning Board Office, Tel. 443-8891, Ext 198, if there is any additional information you may require.

Very truly yours,

Mary G. Corley

Mary G. Corley
Secretary to the Board

encls
a/s

McNeil
Management &
Services Inc.
[illegible]
[illegible]

May 26, 1983

Ms. Helga Andrews, Chairman
Sudbury Nonprofit Housing Corporation
11 Maple Avenue
Sudbury, Massachusetts 01776

Dear Ms. Andrews:

I would like to take this opportunity to bring you up to date on our Longfellow Glen apartment complex.

It appears as if the first building will be completed in November of this year. In conjunction with the completion date we will commence our rent-up procedure in late summer or early fall. It is difficult to say exactly when because so much depends on our unpredictable New England weather.

There are certain HUD and Massachusetts Housing Finance Agency rules and regulations that must be followed during the rent-up procedure and certain advertising requirements that must be met.

Although we are prohibited from taking applications at this time, we will send out to all interested parties, a form which we call an Initial Interest form. The return of this form will enable us to compile a mailing list. Just prior to the rent-up procedure we will be able to personally notify all those interested parties that are on our mailing list. All will be given a personal interview and will be assisted in filling out an official application.

We will send a copy of this correspondence to all other interested boards, commissions and individuals in Sudbury. We will also make these initial interest forms available within the town for all those that may wish to live at Longfellow Glen. Attached is a sample outline of how the rent-up procedure will be conducted.

I will be most happy to answer any questions you may have at anytime. Please do not hesitate to call me at 326-5800.

Very truly yours,

McNEIL MANAGEMENT & SERVICES, INC.

Alfred F. Brothers

Alfred F. Brothers, CPM
Assistant Vice President

AFB:bb

Enclosures

cc: Board of Selectmen
Housing Authority
Sudbury Zoning Board of Appeals
Council on Aging
Sudbury Planning Board

CITY OF WALTHAM
MASSACHUSETTS

OFFICE OF THE MAYOR
HONORABLE ARTHUR J. CLARK

May 10, 1983

Jerry L. Records, Colonel
Base Commander
Dept. of the Air Force
Headquarters 3245th Air Base Group
Hanscom Air Force Base, MA. 01731

Subject: Availability of Rental Housing in Waltham

Dear Col.Records:

This is in response to your letter of April 29, 1983, concerning the need to find housing for Air Force personnel at Hanscom Air Force Base.

Unfortunately, there is little housing within the rental range listed in your letter available in Waltham. This is due to the pressure from the local colleges and the employment situation. The two colleges in the city are placing such a great demand on our housing supply that landlords can easily charge $500 to $700 per month for the described types of units. In addition, many landlords require that the tenants pay some or all of their utilities. Waltham, a regional employment center, has over 42,000 jobs. Because most persons like to live near their work, there is great pressure on housing of all types and prices. Rental vacancy rates are 1 percent or less, well below a vacancy rate needed for normal turnover of rental property.

In short, a decent range of selection for potential tenants is not available in Waltham. Landlords mostly rely on word-of-mouth and their waiting lists rather than advertising in newspapers or listing vacancies with real estate agents.

The possibility of building additional units in the near future is rather bleak. This is largely due to the lack of available, developable land. Because the city is largely built-up, there are very few development sites where a reasonable number of additional rental units could be construc Site development costs would push such housing into the highest rent levels.

Watertown Planning Board

WATERTOWN MASS 02172

May 13, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Hanscom Air Force Base
MA 01731

Dear Col. Records:

We have received your 29 April 1983 letter concerning the availability of three bedroom single, duplex or townhouse rental units in Watertown that might be available at a cost of $525 to $575 per month including utilities. We do have housing of this type within the town, but it is fully rented at this time. Our recent experience is that the vacancy rate is so low and the demand for family housing units so great that landlords have a ready source of supply. From time to time an ad will appear in the local newspaper, but the unit often is rented almost before copies hit the newsstand. In many cases, the vacancy is not advertised at all because the landlords have waiting lists or news is passed around from person to person by word of mouth.

You asked about the possibility of this kind of unit being constructed in the near future. Watertown is undergoing a construction boom and limited numbers of these kinds of units are planned for construction in the near future (the next three to five years). The residential construction boom in Watertown appears to be the exception in the metropolitan area. This comes about because commitments have been made for housing under several urban renewal and federal subsidy programs that are just now getting under way. I do not know what the rental levels will be, but would be surprised if they were within the price range mentioned in your letter. Also, some of these units will be subsidized housing, and therefore limited to low and moderate income families. These subsidized units traditionally have long waiting lists, but some of your personnel may qualify for consideration.

I note that the base would be able to provide approximately 100 units of the type of housing you describe if you received active support from the surrounding municipalities in order to get a waiver of the usual base housing construction limits. We would like to encourage you to apply for that waiver, as it seems to us that this is the best solution to your problem. Under these circumstances, you would increase the supply of housing and could guarantee its availability to your personnel. Under the other alternatives, they must compete with other families in the greater Boston area for market rental housing, much of which appears to be beyond their means, or add their names to long waiting lists for subsidized housing.

You expressed concern that the addition of more housing units to Hanscom Air Force Base would cause distortions in the local housing markets. Our experience does not bear this out. Everytime new units for moderate rents are constructed, they are immediately occupied and a waiting list of potential tenants is created. We do not believe that the construction of these additional housing units on the base would provide unfair competition or distortions in the local market either. The market is so tight and vacancies so few that any additional units would be welcome to help relieve the tremendous shortage of adequate housing in this area.

You might also consider sponsoring some low or moderate income housing in a nearby municipality in the event the federal officials will not grant the necessary approvals to construct housing on the base. I'm sure that any number of developers would be willing to build such units, particularly now that the various HUD subsidy programs are drying up. This housing would serve the same purpose as housing on the base would serve with respect to relieving the pressure on the existing housing supply.

I hope that the above information has been helpful.

Very truly yours,

Michael Almada, Senior Planner
Dept. Community Development
& Planning

smj

PLANNING BOARD TOWN OF WELLESLEY MASSACHUSETTS

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324 Washington Street
Wellesley Hills, MA 02181
Tel. 235-3134

RICHARD H. BROWN Planning Director

May 9, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Colonel Records,

This is in response to your 29 April 1983 letter requesting information on the availability of housing within the town of Wellesley to accommodate middle ranking enlisted Air Force members and their families.

I understand that the type of housing unit you are looking for contains three bedrooms and rents for between $525 and $575 per month including utilities. Unfortunately, I do not know of such units available in Wellesley. The housing demand is so great, and the vacancy rate so low, that any units that become available in that size rent for substantially more money than the $575 per month maximum you list. Futhermore, those rentals usually do not include the cost of utilities. If such a unit that you describe should become available it is usually rented through personal contact and does not even appear in the real estate pages or the rental listings of real estate offices.

You asked about the possibility of building rental housing within the town. We do not think there is much likelihood of this happening because the sections of the town that are zoned for this type of development are already largely built up. Furthermore, the housing stock is in good enough condition so that there is little likelihood of demolishing an existing building in order to create a development site for new housing of this type. The only land that is available for housing construction consists of a few single family lots scattered throughout the town. These would not be satisfactory for the type of rental unit you describe. It does not appear that the town will agree to rezone any of these areas to permit multi-family construction. The town is very anxious to preserve its single family house orientation and has traditionally opposed suggestions that single family zoning be changed to multi-family zoning to permit apartment construction.

I note that one of the options that would be open to the base would be to construct more family housing if you were not artifically constrained by administrative regulations. I would strongly urge you to get those limitations lifted so that you could undertake construction of additional housing units. This would permit the base to accommodate its personnel and not force them to compete for what are essentially nonexistent housing units for rent in the Boston area. The construction of these units at Hanscom Air Force Base would also have the positive affect of helping to reduce the overall housing deficit faced by all families in the greater Boston area. I do not see how the construction of the relatively small number (100) units you propose could be viewed as competition to private real estate operators in a metropolitan area the size of greater Boston (approximately 1 million housing units) with a vacancy rate that is only two or three percent, and no real likelihood for reduction in the near future.

I hope the above information will answer the questions you asked in your letter.

Very truly yours,

Richard H Brown

Richard H. Brown
Planning Director

TOWN OF WESTFORD

Board of Selectmen

Town Hall
Westford, Massachusetts 01886
(617) 692-6511

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Executive Secretary

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AVIS S. HOOPER, *Vice Chairman*
GEOFFREY D. HALL, *Secretary*
DAVID R. EARL
RONALD H. JOHNSON

July 1, 1983

Jerry L. Records
Colonel, U.S.A.F.
Base Commander
Headquarters 3245th Air Base Group
Hanscom Air Force Base, MA 01731

Dear Colonel Records:

I have discussed the questions raised in your 29 April letter with a number of knowledgable people here in Westford. We do have some housing within the price limits you mention, but the supply is very tight and most of it is committed to long term tenants. The bulk of this housing was constructed for mill workers in an earlier era and constitutes about 12% of the total housing supply in town. Many of these units are actually spoken for before they come on the market, and thus people from outside Westford have very little opportunity to rent these kinds of units.

It might be possible to build some new units, since there is land available, but in order to do so you would need a special permit. These permits require a finding by the Town Meeting that multi-family housing is appropriate in that area.

You asked about the possibility of re-zoning a site if a developer proposes to build townhouse of other multi-family rental housing of the type described in your letter. Such a proposal would have to be presented to the Planning Board for its review and then to the Town Meeting for a two-thirds vote of approval. It's very hard to predict what the Town Meeting reaction will be, and that reaction will vary from proposal to proposal, but I think it's fair to say that the Town Meeting intends to keep Westford a largely single family residence community.

I would like to encourage you to pursue the third alternative possibility of constructing additional housing units on Hanscom property. I recommend that you pursue this alternative. It would appear to provide the real solution to your problem, and I don't see how the additional units on Hanscom would interfere with the local housing market. Housing vacancy rates are so low and construction starts of moderate income housing so few that the units you provide for your personnel would in effect make it easier for people in Westford and similar communities to find housing to satisfy their needs.

I hope this information has been helpful, even though I do not bring very encouraging news.

Very truly yours,

Paul F. Alphen

Paul F. Alphen
Executive Secretary

PFA/akb

TOWN OF
WESTON

May 11, 1983

Col. Jerry L. Records, USAF
Base Commander
Headquarters 3245th Air Base Group
Hanscom Air Force Base
Bedford, MA 01731

Dear Col. Records:

We are pleased to provide the following information on the housing situation in Weston in response to your April 29, 1983 letter. We are not aware of any rental units available within the town that contain three or four bedrooms and rent for $575 per month or less, including utilities. This type of unit simply is not available within our community.

We are studying proposals to expand the "accessory apartment" provision of our zoning by-law. The Planning Board recently decided to postpone action on a proposed revision and the annual town meeting held on May 9th concurred. Should such change be made later we are not certain how useful it would be to your middle ranking enlisted members, as the number of units available might be quite small and information of their availability passed by word of mouth. Also, it is hard to tell what the rental levels would be, but it is quite possible that they would be well in excess of the limits listed in your letter. Moreover, it is not certain that these units would be available to your personnel, because it is quite likely that the owners will want to rent on a long term basis and word of their availability will spread quickly.

It does not appear that new units will be constructed because there is no land currently zoned within Weston for this type of construction. Furthermore, Jericho Village, the only multi-family complex has only smaller size (one and two bedroom) units. We have had proposals from time to time for rezoning of land to allow multi-family construction, the most recent one being approximately a year ago. The Town Meeting, which must vote in favor of such a proposal by a two-thirds majority, did not do so and the proposal failed.

As you probably know, the vacancy rate in this part of the state is very low and housing construction activity has been in a depressed state for several years. As a result, demand for rental units is very high and rents have been rising quite rapidly. It would appear to us that anything you could do to increase the housing supply, particularly by constructing housing on Hanscom Air Force Base, should be pursued rather vigorously. Constucting new housing units on the base most assuredly would not create distortions in our local housing market or cause high vacancy rates. It appears to us, rather, that the construction of these units would help to solve the overall housing problem by removing those families from the group competing for the very limited supply in this general area. We would support action by the appropriate federal officials to grant the waivers you need so that you can construct the additional housing units on your base. This appears to be the best way to solve your problem of providing adequate housing for your people.

We appreciate your consultation with us on this matter and trust that the way will be cleared for construction of new units on the base.

Very truly yours,

Harold B. Willis, Jr.
Chairman

TOWN OF WILMINGTON
MASSACHUSETTS

PLANNING BOARD

May 20, 1983

Jerry L. Records, Colonel, USAF
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Col Records:

I am pleased to provide you with the following information in response to your April 29, 1983 inquiry on the availability of three bedroom or larger houses, duplex units or townhouses that your personnel and their families can rent from approximately $525 to $575 per month including utilities. We do not have such units in Wilmington. Single family houses generally are not available for rent, and those that are command a substantially higher rental than the limits you indicate in your letter. Furthermore, there is no provision in the Wilmington zoning by-law to allow the construction of apartment houses. The by-law does not allow the construction of duplexes either.

Because of this situation, there is no likelihood of such units being built in the near future. At a recent Town Meeting on May 16th. the voters did approve a provision in the zoning by-law to allow the construction of single family attached and detached dwelling units (ie. townhouses) to be sold as condominium units. The acceptance of this provision does not necessarily mean that such units will be built, since this was only an enabling act and each site proposed for such use must again be approved by 2/3rd. majority vote at a subsequent town meeting. I might add that any such units that are built might contain only one or two bedrooms and not the three or four bedrooms that your personnel need.

I would like to suggest that you reconsider the decision not to build more units on the base. These additional units would not create unacceptable distortions in the civilian housing market, in my opinion, nor create high vacancy rates or unfair competition. I think you will find positive encouragement from the local municipalities. Most assuredly, I encourage you to build this additional housing.

I am sorry that I cannot be more helpful or encouraging with respect to your personnel finding housing for rent in Wilmington. I wish you well in your attempt to provide more accomodations for the personnel assigned to your base and hope that you will be able to find such accomodations in some of the other cities and towns.

Very truly yours,

William G Hooper Jr.

William G. Hooper, Jr., Chairman

AGH/slm

TOWN OF WINCHESTER
MIDDLESEX COUNTY, MASSACHUSETTS
PLANNING BOARD
TOWN HALL

June 28, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, MA 01731

Dear Colonel Records:

The following material is submitted in response to your April 29, 1983 inquiry letter concerning the availability of three or four bedroom rental housing, duplex or townhouse units in Winchester. You also asked about the possibility of such units being constructed in the next few years and the reaction our local officials would have if the Air Force decided to construct such units on the Air Force base.

It is almost impossible to find the type of units you describe in this town. An occasional unit comes on the market but is rather quickly rented at a minimum of $600 per month plus utilities. Furthermore, there are no proposals at the present time to build the kind of units you describe.

Recently the Town of Winchester has adopted a housing policy which hopefully will provide for further housing opportunities. However, this policy is just being implemented and in all probability does not provide for the space you are looking for.

There have been three proposals to build multi-family units to be sold as condominiums, but none have been built although each was approved and rezoning granted where necessary. However, even if these proposals were constructed, it would not help your personnel, as they are looking for rental units rather than condominiums.

There is no land zoned for townhouses, the type of unit that would be most desirable for families with children, but there is a proposal in our zoning by-law which permits clustering of units in our residential district in response to specific proposals. A development of this sort could be tried, but has not been, apparently because developers do not want to bother with the additional processing requirements. We also doubt that you could build the type of units your personnel need within the rental limits they can afford.

This situation leads me to the recommendation that the base follow up on the third alternative mentioned in your letter of constructing additional housing units itself. We certainly encourage that action as the best way for you to find the housing units you need for your personnel and to avoid distorting the already very tight rental market by adding this number of families to it. As you may know, the vacancy rate is very low and does not show many signs of improving because housing construction is also very low. These new units that would be built on Hanscom Air Force Base would reduce the pressure on everyone who is seeking these all too scarce larger rental housing units and thus help find a solution for a very pressing problem.

Very truly yours,

WINCHESTER PLANNING BOARD

Harry A. Lindmark III
mc
Harry A. Lindmark III
Chairman

HAL:MC

City of Woburn
Massachusetts

OFFICE OF COMMUNITY DEVELOPMENT

JAMES WININGER
Community Development Director

(617) 933-0700

June 30, 1983

Jerry L. Records, Colonel, USAF
Base Commander
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Colonel Records,

I am sorry for the delay in responding to your letter of April 29, 1983.

The City's vacancy rate is very low and finding rental units is difficult and when found, are expensive.

New construction of housing has been very slow in Woburn as most sites available are difficult to develop or arouse neighborhood opposition.

The City would have no objection to new construction at Hanscom Air Force Base as that would have no affect on the City's housing mix.

I hope this is of help and answers all your questions.

Very truly yours,

James Wininger
Community Development Director

JW/mdw

MAPC
Metropolitan Area Planning Council
110 Tremont Street Boston, Massachusetts 02108 (617) 451 2770
Serving 101 Cities & Towns in Metropolitan Boston

July 18, 1983

Col. Jerry L. Records
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Col. Records:

I am writing in response to your letter concerning the problems experienced by middle ranking enlisted personnel in finding affordable rental housing in the vicinity of Hanscom Air Force Base. If, as you described, most of these families have school-aged children, need three- and sometimes four-bedroom units, and can afford to pay only $525 to $575 a month for rent, including utilities, they face a problem indeed.

Stated boldly, the private civilian housing market is not meeting the need you describe and it is not likely to in the near future. The Boston region faces a serious shortage of housing in general and rental housing in particular. The supply of rental housing in the suburban communities within easy commuting distance of Hanscom Field is extremely limited and the few units in the three- to four-bedroom range which do become available from time to time are priced well above the range your middle ranking personnel can afford.

Under these market conditions, the construction of additional housing on base property, the third alternative you describe, seems the most likely, if not the only, means of meeting the housing needs of your married personnel. The construction of up to 100 additional units on Hanscom property would not create a hardship on owners of rental properties in the surrounding communities; vacancy rates are extremely low and these owners should have no difficulty in renting their units. In my judgement, demand for them would not be significantly diluted by the addition of 100 units.

It seems perfectly justifiable to request that the construction authorization for Hanscom be increased to allow the addition of up to 100 units on the base and, although I cannot speak for local officials, I believe that if a reasonable proposal is made, local officials would be willing to support it. As the regional agency concerned about the housing needs of the region's residents, the Metropolitan Area Planning Council would be willing to do what it can to support your efforts.

I urge you to take advantage of this unique opportunity to provide additional housing on Hanscom property. If there is any further way MAPC or I can be of assistance in documenting the need, in working with local officials, or in developing a specific proposal, please do not hesitate to call.

Sincerely,

Jonathan G. Truslow
Deputy Executive Director/
Director of Planning

JGT/lab

Elizabeth A. Bransfield, President   William C. Sawyer, Vice President   Frank E. Baxter, Secretary   Patricia A. Brady, Treasurer
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EOCD
Commonwealth of Massachusetts
Executive Office of Communities and Development
Division of Community Development
100 Cambridge Street 14th Floor Boston, Massachusetts 02202 (617) 727 7130

Michael S. Dukakis, Governor
Amy S. Anthony, Secretary

June 1, 1983

Colonel Jerry L. Records, USAF
Base Commander
Department of the Air Force
Headquarters 3245th Air Base Groups (AFSC)
Hanscom Air Force Base, MA 01731

Dear Colonel Records:

Thank you for your May 11, 1983 letter describing the need to find adequate single, duplex or townhouse units that the middle ranking enlisted personnel and their families who are assigned to Hanscom might find available. I can appreciate the problem that they are having in finding adequate sized rental units within their means. The type of housing you described as needed by them (three or four bedroom units at a cost of approximately $525 to $575 per month) is a type of housing that is in desperately short supply in many parts of the state. The housing supply for this type of unit is probably the tightest in the suburban areas. Since your base is located in one of these suburban areas, it is not surprising that your personnel are having a difficult time in finding this type of unit.

The situation your people are experieincing is duplicated many times over by long-term residents as well as people newly moving into the area. We are finding that it is not merely a question of affordability, but the lack of availability of an adequate number of units suitable for families. This comes about because of the decline in construction starts, the increase in family formations, the reduction in federal assistance for housing programs, conversion of rental apartments to condominiums, and demolition of the existing housing stock due to age and other uses.

Your situation is somewhat different from the typical one in that you may have the means of solving your own problem. You are fortunate in having land available and the possibility of being able to build housing if you could persuade the appropriate federal officials to waive certain requirements and lift certain limitations. I would urge you not to let this unique opportunity get away. The construction of these units on your base would have a positive affect on the housing market in the area around your base. If nothing else, you would remove 100 families from competition with the other families in the area for the very limited housing supply in the nearby cities and towns.

An Equal Opportunity/Affirmative Action Employer

I note in your letter that you indicate a need to get active support and encouragement from the officials in the municipalities surrounding the base. I think we, at state level, would also wish to give you the kind of encouragement you describe. We are charged with establishing state policy and implementing that policy in the area of housing and development generally. Independent surveys show that we are building only a half to a third the number of units we need. We support strongly programs such as yours to build more housing units that families of moderate means can afford. While we recognize that these units would be available to Air Force families only, they would indirectly increase the housing supply available to non-military families. These units that you are describing will be permanent additions to the housing inventory.

We urge you to move forward as quickly as possible with a program to get the approvals needed and place the units under construction at the earliest opportunity.

Sincerely,

Amy S Anthony

Amy S. Anthony
Secretary

ASA:ar

U.S. Department of Housing and Urban Development
Boston Regional Office, Region I
Room 800 John F. Kennedy Building
Boston, Massachusetts 02203

JUL 1 1983

Jerry L. Records, USAF
Base Commander
Hanscom Air Force Base
Bedford, MA 01731

Dear Colonel Records:

This is in reply to your 11 May 1983 letter concerning options available to finding housing for your married enlisted personnel being assigned to Hanscom Air Force Base.

The kind of unit you are targeting for these people, three or four bedroom units that rent for between $525 and $575 per month are among the most difficult to find in the greater Boston area. Many of these units are found in duplex units which are rented on a long-term basis and whose owners tend to recruit new tenants through personal contacts rather than newspaper advertisements or real estate listings. Others are found in the so-called "triple decker" units found in the older central cities. The only other ready source for these types of units are single family detached houses, but these are sold when the owner moves out rather than being rented to a succession of tenants.

There are a number of reasons for this situation. First, many of the townhouses that contain three or four bedrooms have been converted from rental units to condominium ownership, and thus withdrawn from the rental market. Second, a number of the duplex units have deteriorated with age and lack of maintenance to the point where they have been demolished. This is particularly true of the "triple decker" units. Third, it is difficult to find sites that are zoned to build multi-family units. There is little land available in the inner parts of the Boston metropolitan area and there is strong resistance to multi-family construction in the more outlying suburbs where the large buildable tracts still exist. As you may know, each city and town in Massachusetts controls its own zoning. We do not have a strong county government system with the power to amend zoning and develop a housing plan for the entire metropolitan area. Fourth, the various housing support programs at the federal level which were developed to help meet the needs of families with moderate means have been cut back. And fifth, current market economics dictates, with rare exceptions, that any multi-family housing being developed consist of one or two bedroom units that command rentals in excess of those listed in your letter. These same economic considerations also dictate in many instances that the units be sold as condominiums rather than rented to tenants.

This set of circumstances which tends to reduce the supply available is compounded by an increasing demand precipitated by post-war demographics. It is aggravated further by the increasing rate of divorce and marital separations which requires that two households be provided where previously one sufficed. The end result is an extremely low vacancy rate. It is normally projected that the vacancy rate must be approximately 3 percent in order to permit just normal turnover in the housing market. It should be somewhat higher than that to allow a reasonable choice to prospective tenants and to allow the normal market to function with respect to rental costs and available incomes. In a sense then, a three percent vacancy rate is no vacancy rate at all. The 1980 census data indicates that the vacancy rate is only two percent in the Boston SMSA, even below the "zero vacancy rate" that I described above. This is compounded by an even lower vacancy rate in the communities surrounding your base. That group of cities and towns in the northwest quadrant of the greater Boston SMSA has an extremely low vacancy rate. I am not surprised that your incoming people, who are looking for housing accommodations in the vicinity of your base are having such a difficult time.

We do not see any signs that the market for the type of unit you describe loosening up in the near future. Therefore, it would appear that you are going to have to take steps to solving the problem yourselves. Constructing an additional 100 units of housing on Hanscom Air Force Base could be the key to solving your problem. This is housing that is guaranteed to be available to your personnel and housing that is guaranteed to be there next year, the year after, and the year after that. Furthermore, it will free up an equal number of units that otherwise would have been occupied by your personnel in the civilian housing market to families in need of these larger accommodations. I realize that there are limitations and controls that your headquarters places on the number of units to be provided on the base. However, I note that these place the number at less than your total demand (presumably 100 units below your total demand). We think it appropriate for your headquarters to consider lifting that limit or waiving the restriction. The additional housing units on the base will not create unfair competition or distort the housing market by creating vacancies that would not be rented to other prospective tenants. In fact, it should have as small an affect on the overall housing market as it does have a large affect on the ability of your personnel to find adequately sized units at an affordable rent.

This additional base housing should also make life a little easier for the local municipal officials in the Hanscom area by reducing the pressure on them to find housing for their constituents. If nothing else, there will be 100 more units available on the civilian market than there would be otherwise. Thus a solution which is directed at providing adequate housing for military families would have a spinoff effect of making available desperately needed housing in the civilian market. This should be viewed as a net gain for everyone.

Sincerely,

James DiPrete, Jr.
Regional Administrator

Citizens Housing and Planning Association, Inc.
7 Marshall Street • Boston, Massachusetts • 02108 • 742-0820

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John C. Plunkett
Steven [illegible]
[illegible] Rogers
Lynne B. Sagalyn
Robert Schafer
Joseph Slavet
James Stockard
Daniel D. Sullivan
Harriett Tee Taggart
Hon. Joseph Timilty
Anita L. Toppin
Elaine Werby
William J. White
Robert Whittlesey
Constance Williams
Keith Willoughby
Walter K. Winchester
Executive Director
Robert E. McKay

May 31, 1983

Jerry Records, Colonel, USAF
Department of the Air Force
Headquarters 3245th Air Base Group (AFSC)
Hanscom Air Force Base, Massachusetts 01731

Dear Col Records:

I have received your 11 May 1983 letter concerning the problems faced by your middle ranking enlisted personnel and their families in finding adequate housing in the vicinity of Hanscom Air Force Base. The problems you describe are affecting more than 200,000 low- and middle-income families and individuals in the Commonwealth. This is approximately 1 in every 10 households. At least 40,000 of these 200,000 are in dire need of houses with three or more bedrooms, the type of unit you describe as required by your newly assigned personnel. These units are a type of unit which is fast disappearing from the rental market.

We do not see the situation easing in the forseeable future. Costs of providing new units continue to escalate; supply of adequate units is shrinking and many families and individuals are being displaced by condominium conversions and demolition; the various subsidy programs that have been looked upon as indispensible in helping to provide adequate housing for families of moderate means are being sharply curtailed; and the rate of family formations is increasing sharply as the baby boom generation moves into the labor market. All of these factors are putting enormous pressure on the already over-extended housing market in Eastern Massachusetts.

The lack of new starts to provide rental housing at moderate means in reinforcing this critical problem. One major factor is the unwillingness of many suburban communities, and I note that Hanscom Air Force Base is located in the Western suburbs, have literally zoned out multi-family housing in favor of large lots single family detached structures. It is the multi-family housing that provides rental units of the type you describe, and not expensive detached single family structures. The suburban areas traditionally have opposed multi-family units, particularly those containing more than two bedrooms and thus accomodating school age children. Although the state has attempted

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United Way

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to overcome this exclusionary tactic by requiring that the municipality permits at least 10% of its total housing stock to be available as subsidized units for low and moderate income families, individuals and the elderly regardless of zoning prohibitions to the contrary. The reduction in federal subsidy programs suggests that it will be even more difficult to construct these types of units. As a result, there are long waiting lists, ranging from two to five years, before qualified people can find accomodations in these housing units that are within their means. The bottom line to all this is that I am not very hopeful that new units of the type you describe as needed for your base personnel will be found in an anywhere near adequate number in the near future.

I note that the base itself could build additional housing units if certain administrative restrictions and limitations could be waived. The present situation in this area cries out for the granting of this kind of waiver. This waiver should not be denied on the basis that the building of these 100 units would create distortions or unfair competition to the local housing market. There is no effective competition or normal functioning of the housing market in this area. The provision of these 100 housing units would not solve the problems of all the moderate income families in the Boston area, but it would relieve the pressure on the ramaining units and permit local families greater opportunity in finding housing units that they also desparately need.

I cannot speak for local municipal officials, but I would be surprised if they indicated opposition to the base's building these additional housing units. They are under pressure constantly to find adequate accomodation for their own constituants, and in many cases members of their own families. It would seem to me that they would welcome any responsible proposal to provide additional housing units for moderate income families.

Very truly yours,

Robert McKay

RMcK/mg

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS ELECTRONIC SYSTEMS DIVISION (AFSC)
HANSCOM AIR FORCE BASE, MASSACHUSETTS 01731

OFFICE OF THE COMMANDER

FEB 2 1982

Mr. Philip D. Winn
Assistant Secretary for Federal Housing
and Federal Housing Commissioner
Department of Housing and Urban Development
451 Seventh Street SW
Washington, D.C. 20410

Dear Mr. Secretary

Hanscom Air Force Base requests that fifty (50) rental assistance certificates under the Section 8 Housing Assistance Payments Program be allocated as a special set aside for use by the families of our lower ranking enlisted members. These certificates would be administered by the Region I HUD Office in Boston acting as the local Housing Authority. The Base Housing Office at Hanscom would be pleased to act as the agent for the Region I Office and perform as many of the administrative duties as HUD might request.

This recommendation was made to us by the staff at the Region I Office and also by several local housing authority directors. They recognize the special problems of military families and the administrative burden that the regular system places on both the individual family and the various housing authorities. The periodic moves from base to base and area to area place the individual family at a great disadvantage with respect to being considered on the same basis as a non-military family. The military family's application would not be considered until well into their tour of assignment, and then be available for only the balance of that tour. The family will be faced with the same process at the next base of assignment. The non-military family, on the other hand, can expect to receive continuing assistance once the initial certificate is issued.

The military family's frequent moves from area to area and willingness to consider a wide range of locations within the vicinity of the base places a heavy administrative burden on local housing authorities. The individual does not have a strong preference among many of the communities in the general area, and is likely to apply to many different housing authorities to be placed on both the mobility list and the Section 8 list limited to that municipality in order

Attachment 1

to increase the chances of getting a Section 8 certificate. There are approximately 100 enlisted people at Hanscom presently eligible for consideration, and approximately 50 local housing authorities in this vicinity that participate in the Section 8 Mobility Program. This indicates a potential of thousands of names being processed by the local housing authorities to satisfy a need for 50 certificates. Add to this the names of airmen who have left for reassignment before reaching the top of the waiting list and you have the potential for an overwhelming administrative load on the local housing authority directors. This problem is beginning to surface now as more and more of our lower ranking enlisted members become aware of their right to apply for Section 8 assistance.

The allocation of 50 certificates for use by Hanscom military personnel would provide equitable treatment to these people and transfer the administrative burden from the local housing authorities to the Hanscom Housing Office. This system would direct the airmen to apply through the Hanscom Housing Office rather than to the various housing authorities, since that would be the quickest path to issuance of a certificate. The Hanscom Housing Office will screen the airmen to ensure their eligibility and continued interest in the program as they near the top of the waiting list. We believe that this approach has enormous advantages for all concerned.

I would like to arrange a meeting, at your convenience, to discuss this proposal and answer any questions you may have.

Sincerely

James W. Stansberry

JAMES W. STANSBERRY
Lieutenant General, USAF
Commander

psc

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY FOR
HOUSING – FEDERAL HOUSING COMMISSIONER

IN REPLY REFER TO:

Lt Gen James W. Stansberry, USAF
Commander
Department of the Air Force
Hanscom Air Force Base, MA 01731

Dear General Stansberry:

I am replying to your letter of February 2, 1982, addressed to former Assistant Secretary Philip D. Winn, requesting a set aside of 50 certificates under the existing Section 8 housing assistance program to be used by your Base Housing Office.

I regret that the Department is unable to comply with your request. Statutory restrictions in the Section 8 program require that the Department distribute Section 8 certificates through eligible public housing agencies. The Hanscom Air Force Base Housing Office does not meet the statutory definition of a public housing agency.

I would like to point out that recent amendments to the Section 8 statutory income eligibility requirements which limit eligibility to those individuals whose income is below 50% of the median income for the area, make it unlikely, in many instances, that military families will be able to qualify for assistance. This is particularly true in light of the variable housing allowance which is now available to military personnel. I regret that we are unable to provide you with a more favorable answer.

Sincerely,

Philip Abrams
General Deputy Assistant Secretary

Is this correct?

JP

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS ELECTRONIC SYSTEMS DIVISION (AFSC)
HANSCOM AIR FORCE BASE, MASSACHUSETTS 01731

OFFICE OF THE COMMANDER

27 APR 1982

Mr. Philip Abrams
General Deputy Assistant Secretary
for Federal Housing
Department of Housing and Urban Development
451 Seventh Street SW
Washington, D.C. 20410

Dear Mr. Secretary

Thank you for your letter of March 26, 1982, addressing our request for a set aside of 50 Section 8 rental assistance certificates. I would like to provide you additional information relating to your concerns.

Your letter stated that one reason you are unable to comply is that the Hanscom Base Housing Office is not an eligible public housing agency. We were aware of that in preparing our request. In my letter of February 2, 1982 (attached), I suggested that the Region I HUD Office be designated the issuing agency because it does meet the statutory requirements. I proposed that the Hanscom Base Housing Office assist the Region I Office by acting as its agent. This was intended to reduce the administrative burden placed on that Office. My staff, in their preliminary discussions with Mr. DiPrete and others at the Region I Office, have found them receptive and anxious to work such a program.

Your letter also indicated military families might not qualify for assistance under the new criteria established by the Housing Act of 1981. Attached to this letter is a table depicting 50% of the median income for this area for families with 2-8 members. We have also shown the Air Force incomes of our junior enlisted members. The annual income computations are at the "with dependents" rate and include both the quarters allowance and the Variable Housing Allowance (VHA). As you can see, a good many of our people still qualify for preference, because their incomes are less than 50% of the median income for the Boston area. Our members remain eligible for assistance because of the very high cost and the scarcity of housing units in this area. Since you are from Brookline, I am certain you are aware of these conditions. The implementation ~~of this~~ key pilot program could provide immeasurable assistance to you and to us. It would reduce the burden of each housing authority in this area, while also providing equitable treatment for our airmen.

I appreciate your continued support and consideration.

Sincerely

Jim Stansberry

JAMES W. STANSBERRY
Lieutenant General, USAF
Commander

2 Atch
1. ESD/CC Ltr, 2 Feb 82
2. 50% Median Income Table

65

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY FOR
HOUSING - FEDERAL HOUSING COMMISSIONER

IN REPLY REFER TO

1. 82

Lieutenant General James W. Stansberry, USAF
Commander, HQ Electronic Systems Division
Department of the Air Force
Hanscom Air Force Base
Bedford, Massachusetts 01731

Dear General Stansberry:

I am replying to your letter of April 7, 1982 with further regard to your request for a set aside of 50 Section 8 rental assistance certificates.

I regret that our previous response of March 26, 1982 did not accurately reflect your proposal. However, I am afraid that is is still not possible for us to agree to the requested set aside.

With respect to your proposal that the certificates be administered through HUD's Regional Office in Boston, we cannot structure a set aside in that manner because of the restrictions of the statute.. Section 8(b)(1) authorizes the Secretary to enter into annual contributions contracts with "Public Housing Agencies". It limits the ability of HUD to administer Section 8 contracts to those areas "where no public housing agency has been organized or where the Secretary determines a public housing agency is unable to implement the provisions" of the statute. Since neither of these criteria exist within our Boston Region, I do not believe that the statute would permit us to administer a set aside through our Regional Office.

In addition to the above statutory constraint, we do not believe that a set aside is in the best interest of the administration of the program given the limited number of Section 8 existing certificates that have been requested in the Administration's budget. In addition, I do not believe that HUD could effectively administer Section 8 contracts under such a set aside as you propose, even where the statutory constraint could be removed, because of staffing limitations and the additional burden that would be assumed, such as tenant recertifications of income and other tenant related matters.

Under the circumstances, I must again take the position that we cannot honor your request.

Very truly yours,

Philip Abrams
General Deputy Assistant Secretary

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS ELECTRONIC SYSTEMS DIVISION (AFSC)
HANSCOM AIR FORCE BASE MASSACHUSETTS 01731

24 FEB 1983

IMA (Mr. Luchans, 5184)

Hanscom AFB On-Base Manpower Resources

3245 ABGP/LE (Mr. Shamon)

1. In our previous letters to you, we provided strength and facilities utilization figures to be used in justifying ESD's need for SMLF III. This letter will more poignantly describe the trend in facilities utilization at ESD.

2. Attachment 1 demonstrates that between FY77 and FY83, there has been a 41% increase in the number of non-ESD personnel located with our program offices. In addition, we are projecting a 61% increase between FY83 and FY85 based on the needs of four expanding programs: J-STARS, CIS, WIS and MILSTAR (see atch 3).

3. For all On-Base personnel, we are projecting a 21% increase in resources between FY83 and FY85. In the ESD area, which includes mission and mission support functions, we are projecting a 26% increase.

4. ESD has a firm projected increase of 156 personnel for FY85 (from 2251 spaces to 2407 spaces). In addition, AFSC has approved 292 additional spaces for FY85. Higher headquarters approval is still pending. As previously stated, non-ESD personnel located in the program offices will increase 61%, from 434 to 696. Given current program direction and the fact that we queried only four expanding program offices, we can consider 61% to be our minimum projected increase.

5. In addition to non-ESD personnel located in the program offices, there are tenant organizations which support ESD programs located in their own offices throughout the base. They expect an increase of 30 people, from 173 to 203.

6. ESD will continue to grow throughout the 1980's. Between FY85 and FY89, 105 additional manpower spaces have been approved for ESD. In summary, it is obvious that ESD has a growing demand for facilities to support both ESD and non-ESD personnel in the attainment of our mission goals. I hope that this information will further buttress your SMLF III justification.

Elmer J. Fuller
ELMER J. FULLER
Director of Management Services

3 Atch
1. Non-ESD Support
2. Hanscom AFB Recap only
3. Increasing Scope Programs

HANSCOM AFB RESOURCE RECAP FY83 - FY85

	FY83		FY85	
	ESD	ABGP/CL	ESD	ABGP/CL
Total Authorized M/P*	2409	1098	2565	1119
Less Off Base	- 158	- 4	- 158	- 4
Total On-base Authorized M/P	2251	1094	2407	1115
FY85 POM Submission			292	69
TOTAL	2251	1094	2699	1184
Non-ESD M/P with program offices				
Contractors				
MITRE	208		364	
Other	80		142	
Other DOD/Government	136		180	
Foreign Nationals	10		10	
TOTAL	434		696	
Other Non-ESD Mission Support M/P On-Base				
Air Force Audit Agency	22		22	
General Accounting Office	7		7	
Acquisition-Logistics Office	25		25	
Comm-Electronics	7		12	
NET-33	12		12	
Air Force Computer Acquisition Center	100		125	
TOTAL	173		203	
TOTAL M/P On-Base	2858	1094	3598	1184

* = Manpower

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 3245TH AIR BASE GROUP (AFSC)
HANSCOM AIR FORCE BASE MASSACHUSETTS 0173

CC

Request for 100 Additional Military Family Housing Units At Hanscom AFB

AFSC/DE (Col Hobbs)
Andrews AFB, MD 20334

1. We are conducting a series of studies to determine the availability of housing in the area around Hanscom AFB for rent to our personnel. These studies include inquiries to the 40 surrounding municipalities to determine whether or not 3 or 4 bedroom rental units are available or are likely to be constructed in the near future. We have also made similar inquiries to the regional planning agency, state government, the regional HUD office and a private citizens' planning and housing association for greater Boston. We are also resurveying personnel with families that have been assigned to Hanscom within the past year to determine whether or not the housing they found on the civilian market is adequate to their needs.

2. All of the 44 municipal, regional and state governments and the private association that we contacted indicate that there is a severe housing crisis in this area and that there is little likelihood of new units of the type our personnel need being constructed in the near future. The responses indicate that we should pursue strongly the request for a waiver of the 90% programmable limit and program at the earliest possible opportunity the construction of the proposed 100 additional military family housing units. The replies further indicate that most of the municipalities do not have vacant land that is properly zoned for construction of these types of units and show no inclination to rezone land, even if a developer came along with a construction proposal. This latter fact is extremely important because, in this area zoning and development controls are the province of the individual city or town. Fifteen of these 44 agencies have confirmed their opinions in written responses, a sample of which are attached to this letter.

3. Our resurvey of our lower ranking enlisted personnel, the group for whom the bulk of the additional housing would be made available, who found accomodations in the civilian market indicates a continuing dissatisfaction with the units they have found. Typically, they find them to be marginally satisfactory and accepted them only as an interim measure until base housing became available. They would consider them absolutely inadequate as permanent housing for the duration of their assignment. This reinforces the conditions a special study group found were being endured by lower ranking enlisted personnel who are ineligible

for base housing. The primary cause for renting units that are inadequate or marginally satisfactory is the extreme tightness of housing supply in this area. There just are not an adequate number of units to give anyone a reasonable choice of rental housing.

4. We are continuing our study and will develop a full report of finding which we believe will reinforce the support for programming the additional military family housing units over and above the support indicated in this interim report. The full findings will be transmitted to your office within the next 30 days.

JERRY L. RECORDS, Colonel, USAF
Base Commander

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 3245TH AIR BASE GROUP (AFSC)
HANSCOM AIR FORCE BASE, MASSACHUSETTS 01731

OFFICE OF THE COMMANDER

1 July 1983

Amy S. Anthony, Secretary of
Communitities and Development
Executive Office of Communities
and Development
100 Cambridge Street
Boston, MA 02202

Dear Secretary Anthony

I am writing to you requesting assistance in getting ten or fifteen Section 8 rental assistance certificates earmarked for married lower ranking enlisted personnel assigned to Hanscom AFB. It is my understanding that a number of these certificates are allocated through EOCD. U.S. Department of Housing and Urban Development is making a survey of Section 8 certificate allocations to the various cities and towns in the Commonwealth to determine how many of those certificates remain unused. We would like to ask that this small number of those certificates be earmarked for use by Hanscom personnel.

Our personnel who qualify for rental assistance on the basis of their income levels or family size face unusual problems in receiving certificates through the normal allocation process. Unlike the typical family, they are assigned to this base from another area and remain in this area only two to four years. As a result, they are not familiar with the housing programs of the various municipalities and the procedures for getting their names included on the eligibility list. Furthermore when they do finally meet eligibility requirements they are too close to being being transferred to another base and replaced in too many instances by an airman in a similar predicament. Thus, as a practical matter, they find it impossible to get rental assistance despite their eligibility and need.

The technique we propose, earmarking a limited number of these certificates through your office, would put those airmen on an equitable basis with people of similar incomes and need who are not subject to the involuntary moves experienced by our personnel. The issuance of these certificates through your office would have the advantage of allowing our personnel to seek out housing in various municipalities and would avoid the administrative burden that would be placed on the local municipalities if our personnel registered with each of the various local housing authorities, as is their right. Our housing referral office could serve as the point of contact for our airmen and provide the administrative assistance with respect to filling out the necessary applications and making prequalification screenings. Your office would retain the responsibility for issuing the certificates in the manner you do now for those certificates that are allocated to EOCD. The Hanscom Housing Referral Office could then track the progress our airmen are making once the certificate has been issued and serve as a clearing house for information on available units that accept Section 8 certificates and the most likely municipalities within which our people are likely to find available accommodations. I hope this proposal meets with your agreement. I will be pleased to discuss the matter with you further and answer any questions you may have concerning the earmarking of certificates for Hanscom personnel.

Very truly yours,

ROBERT H. MURPHY, Colonel, USAFR
Mobilization Augmentee to the Base Commander

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